

The Weather  
New York City and vicinity: Mostly cloudy and warmer, with a few showers. High around 80. Gentle variable winds. Yesterday's temperature range to 9 p.m.: High, 70; low, 60.

# THE WALL STREET JOURNAL

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10 CENTS

U. S. Territories and possessions

## China Trade Ban? Yankee Firms Profit As Japanese Partners Boost Sales to Reds

GE, Merck, Armco Supply  
Technical Aid; Tin Plate,  
Nylon, Drugs Go to China

Dr. Eguchi Plans to Expand

BY IGOR OGANESOFF  
Staff Reporter of THE WALL STREET JOURNAL  
NIGATA, Japan—U. S. Secretary of State Dulles' policy of sealing off Red China from American trade and travel is springing new leaks.

The products of U. S. technology are being shipped into Communist China, despite the ban on American trade with the mainland. This could be a far more significant leak in the "China quarantine" than Mr. Dulles' easing a few days ago of his ban on U. S. newsmen visiting China—which may come to nought now that the Chinese have responded with some new conditions of their own.

[Wall Street Journal correspondent Oganessoff is one of the newsmen cleared by the U. S. for entry into China and now awaiting a visa from Peking.]

The circumvention of the China trade ban is, to be sure, quite indirect and quite legal. The shipments are being made by companies in Japan—and presumably some other countries—which are partly owned by U. S. manufacturers, make American products under license, have technical assistance agreements with U. S. firms or are in other ways affiliated with Yankee concerns.

Regardless of their legality, the effect of such transactions is to ship to the China Reds industrial wares which are identical to the products turned out in Stateside factories, and whose production overseas is possible only because U. S. concerns are making available their know-how and equipment. In return, of course, Americans profit, either through lump sum payments for their technical help or through a slice of the profits on all sales, including those made to China.

In this west coast port overlooking the Asiatic mainland stands Japan's most modern chemical factory. A spanking new ammonium sulphate plant, it was designed and put into operation by Engineers Chemical Construction Corp. of New York under a 15-year technical aid agreement concluded in 1955 with Japan Gas Chemical Industry Co.

The plant's first export order went to Red China. Loaded from Nigata dock on July 23, it consisted of 1,500 tons of ammonium sulphate fertilizer, badly needed on the mainland. By curious irony, the next "load"—2,500 tons—will go to the Chinese Nationalists' stronghold on Formosa. But Communist China, with an estimated annual fertilizer demand of 20 million tons, is expected to be the Nigata plant's best customer.

Plan to Double Capacity  
The Nigata plant is equipped with \$500,000 worth of the latest American equipment. "We can produce 100 metric tons of ammonia daily," says Dr. Takashi Eguchi, managing director of the firm. "This fall, we are planning to double our capacity."

Already regularly shipping to China is Nippon Geon Co., Ltd., a 35%-owned affiliate of America's B. F. Goodrich Chemical Co. Its export: Vinyl chloride used for electric insulation, belts and hoses. Nippon Geon learned to make vinyl chloride from its American affiliate, with which it has a technical tie-up extending until 1968.

Big Yawata Iron & Steel Co. so far this year has shipped 2,000 tons of galvanized iron sheets to Red China; the sheets were produced under a technical aid agreement with Armco International Corp. covering the galvanizing process. The 1957 shipments already exceed last year's total of 1,400 tons. Yawata's sales are part of bigger shipments by Japan's iron and steel industry in exchange for needed Chinese coal and iron ore.

Tin Can Agreement  
Yawata also exported to China 800 tons of cold rolled sheets this year and 7,500 tons of tin plate for tin cans. The Japanese government last November gave its blessing to an agreement under which American Can Co. provides Yawata with aid in manufacturing tin cans.

"China is the only new market left," explains a Yawata official. "We have no other area to turn to for export expansion."

Japanese exports to Red China last year totaled \$67 million, double the 1955 level and the highest figure for any free world nation. Japan stands ready to sell still more to China. The nation last month abandoned its special embargo list on shipments to Red China, substituting the much more liberal restrictions which apply to trade with Russia. Japan's action came some six weeks after a similar move by Britain; France, West Germany, Belgium and the Netherlands also have followed suit.

A sharp rise in free world sales to Red China is unlikely this year, however. Big reason: Floods and fertilizer shortages have forced China to cut farm products exports, which account for some 75% of its foreign sales, to relieve what could be politically dangerous food shortages. With export earnings down, China won't have the foreign exchange to pay for an import expansion.

Flow Continues  
But, meanwhile, the products of Yankee technology continue to flow into China at a steady pace. And many Japanese firms are eager to increase the flow once Peking starts placing more orders.

Meiji Confectionary Co. produces streptomycin under a tie-up with Merck & Co., and sells about 6,000 pounds yearly to Communist China.

Toyo Rayon Co., Ltd., which learned to make rayon from DuPont Co. under a 15-year agreement signed in 1951, has since become Japan's largest producer. Toyo officials say they're making no direct shipments to China.

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## What's News—

### Business and Finance

**BUILDING CONTRACTS** awarded in July declined 10.5% from June. They were 4% below July, 1956. The figures showed pronounced reversals of recent trends in various construction fields. Housing, long a weak spot, rose last month both in dollar and numerical volume of contracts, according to F. W. Dodge Corp. But heavy engineering projects, a major source of strength in the construction industry this year, fell sharply. In Washington, the Federal Housing Administration reported July applications for mortgages to finance new homes exceeded 1956 for the first time this year.

Cities Service Co. became the first American oil concern to take official steps to explore for oil in the Sahara Desert. It signed an exploration agreement in Paris with two French oil concerns. Cities Service's share in the pact is 50%. The group will apply at once for prospecting permits in the Sahara, where the oil potential is described as promising.

Auto production this week will be curtailed by the shutdown of Chrysler's De Soto division for model change-over and the four-day week-end being observed at some plants over Labor Day. Assemblies are indicated at 117,350 cars—4.7% below last week. In the comparable year-ago week, only 58,250 cars were turned out. Auto companies are maintaining output at a much higher level now, apparently seeking to avoid shortages of new cars which plagued some dealers during model changeovers last year.

Business legislation confronting Congress next year ranges from tax cuts to reciprocal trade and from farm aid to natural gas. With election year pressures building up, both parties are jockeying for position to claim credit for any tax reductions in 1958. And the outlook for such cuts has been brightened by the economy drive which took a lusty bite, well over \$5 billion, out of the \$73.3 billion of appropriations the President sought last January.

Lockheed Aircraft Corp. plans to cut its total employment to 55,700 by the year-end, from 60,900 now, because of cutbacks in Government aircraft procurement. But the Missiles Systems division will expand its work force to 6,100, from 5,400.

Sylvania Electric Products is laying off the 350 employees of the Huntington, W. Va., plant it has been operating for the Government. The move follows cancellation by the Defense Department of its contract with Sylvania to make classified devices at the plant, which was built by the Navy in 1944.

Business loans of leading New York banks declined \$150 million in the week ended Wednesday. This compares with an increase of \$163 million the week before and a rise of \$60 million in the like 1956 period. Since mid-year, business loans of these banks have gone down \$316 million. In the year-earlier interval, they expanded \$194 million.

Superior Tool & Die Corp., Detroit, announced its agreement to buy 71% of the common stock of Bethlehem Foundry & Machine Co. from Lehigh Bethlehem Corp. has been rescinded. The agreement was a key issue in a bitter shareholders' fight at Superior Tool early this month. Results of a stockholder vote on authorization of additional shares to permit the acquisition still are unofficial pending a court ruling on the validity of the proxy count.

Company Notes—  
American Home Products—Directors voted to split the present stock two-for-one, subject to shareholders' approval at a special meeting October 23.

Curtis-Wright Corp.—Roy T. Hurley, president, said the company is moving further into the non-military field, and is getting ready for increased expansion in commercial products in 1958 and 1959.

Niagara Mohawk Power Corp.—Raised its estimate of 1957 earnings to about \$2 a share as a result of the rate increase of \$2.2 million yearly won this week. Net in 1956 was equal to \$2.13 a share.

Markets—  
Stocks—Volume 1,630,000 shares. Dow-Jones industrials 476.06, off 0.38%; rails 154.03, off 1.30%; utilities 67.53, off 0.23%. London—Financial Times common share index 198.4, up 0.3.

Bonds—Volume \$3,470,000. Dow-Jones 40 bonds 84.77, off 0.12; high grade rails 85.22, off 0.23; speculative rails 82.80, off 0.15; utilities 82.80, off 0.07; industrials 83.15, off 0.02.

Commodities—Dow-Jones futures index 157.16, up 0.06; spot index 160.54, up 0.22.

Earnings—  
7 mos. July 31: Union Pacific R.R. 1957 1956 1957 1956  
August, July 31: 74.30 82.67 31 0.10  
August, July 31: 300.50 302.54 43 0.34  
W. T. Grant Co. 833.68 1,257.67 28 40  
Hochst Co. 680.721 796.118 98 31  
On present shares.

(Today's Index on Page 2)

### World-Wide

**RUSSIA REJECTED** a comprehensive wrap-up of the Western disarmament proposal. Soviet delegate Zorin delivered his verdict in London shortly after the U. S. Britain, Canada and France submitted a package plan designed to avert nuclear war. He asserted the program "cannot be considered as offering anything of genuine value."

Zorin took no time off to study or consider the detailed terms of the Western proposal. But he had made it plain in past speeches that Russia cannot accept the West's conditions for disarmament.

The comprehensive 11-point plan—originated by the U. S. but worked out jointly with its Western allies—contained little that was new. In the main, it calls for a two-year suspension of nuclear weapon tests, creation of inspection zones in the West and Soviet bloc areas, reduction of standing armies and controls over nuclear material production and long-range missiles.

Asked later whether his rejection was the final Soviet word, Zorin replied he'll "be back here next Tuesday to continue our talks." U. S. delegate Stassen, preparing to leave for the U. S. over the weekend, said the discussions "are closer together than we have been for the last 11 years."

**THURMOND SET** a new Senate filibuster record, delaying the civil rights bill.

The South Carolina Democrat ended his marathon speech against the compromise measure at 9:12 p. m. last night after holding the floor 24 hours, 19 minutes. This beat the previous record of 22 hours, 26 minutes which Sen. Morse (D., Ore.) established in 1953.

Gregory and filibustering at times, Thurmond finished strong. He denounced "those nine men" on the Supreme Court for their decision outlawing school segregation. "If I had time," he told a packed gallery, "I'd tell you all the decisions handed down by this Court."

"Fortified by malted milk tablets and orange juice, the Senator got brief respites when he temporarily yielded the floor. He spent much of the time reading the election laws of the 48 states and a history of Anglo-Saxon law."

It was a futile effort by the 54-year-old Thurmond. Southerners said earlier they didn't have the strength for an organized filibuster. And Senate G.O.P. leader Knowland served notice the Senate could not adjourn until it votes on the civil rights measure. Debate continued after Thurmond finished speaking.

Thurmond suspended his filibuster briefly to allow Democrat William Proxmire to be sworn in as Wisconsin's new Senator. He had arrived in Washington Wednesday night, but Knowland blocked his seating until a certifying telegram of election came from Wisconsin.

Speaker Maybank recessed the House in early afternoon without calling up for debate the foreign aid money bill of \$3,435,800,000. House leaders agreed to delay a vote until after the Senate has acted on the compromise measure. Knowland reported Eisenhower was disappointed with the trimmed fund but probably would accept it.

An agreement to arbitrate a demand for an additional \$2.12 weekly wage increase ended a strike which has paralyzed six Boston dailies since August 9. The Mailers Union accepted a \$10.50 weekly boost, which they had rejected earlier, and agreed to let their demand for the extra \$2.12 be arbitrated.

House-Senate conferees agreed on a compromise bill to protect secret F.B.I. files from indiscriminate rummaging by defendants in criminal prosecutions. New language in the measure—apparently acceptable to the Justice Department now—provides no statement made to the Government by a witness can be produced unless the witness has testified in direct examination.

An Army warrant officer testified he plowed under \$33,700 worth of spare machine parts in an Arctic air base because he thought most of it was junk. Besides, he added, the place was a "mess." The officer, Benny M. Wilks, told Senators he needed good parts for his bulldozers and looked without success in the \$1 million worth of unlabeled items spread out over three acres in Newfoundland.

Sen. Jackson (D., Wash.) charged the Defense Department has cut back future production schedules for long-range missiles for economy reasons. He also said technical difficulties have delayed the target date for intermediate and intercontinental rockets. In Miami Beach, Army Secretary Brucker said the Army's 1,500-mile range Jupiter is "slightly ahead of schedule and a spectacular success."

A New York subway train smashed into the rear of an empty standing train in the Bronx, injuring at least 18 people. The motorman was freed only after doctors amputated his mangled left foot which was pinned in the wreckage. The crash occurred on an elevated section of the IRT subway.

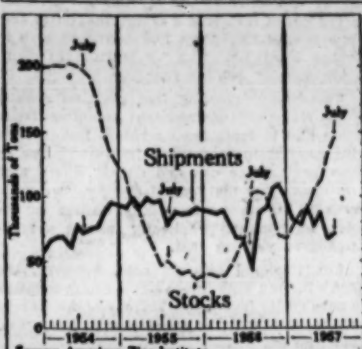
Radio Peiping indicated Red China is expelling—or has expelled—Shelby Tucker of Pass Christian, Miss., because he refused to surrender his U. S. passport to customs officials. The broadcast said 41 of the 42 American youths now visiting the nation have left on a tour of northeast China.

Two Soviet jet airliners which will bring Russia's U. N. delegation to New York in September will land at McGuire Air Force Base near Trenton, N. J., the State Department said. The decision followed refusal by the New York Port Authority to ease its ban on jet airliners in the New York area.

The House voted to let four of its committee take overseas junkies—at Uncle Sam's expense—despite a warning from Rep. Gross (R., Iowa) that "a beautiful scandal" may be in prospect. The trips are designed to collect data useful in passing laws.

Britain announced it will test atomic weapons with a firepower equivalent to 10,000 tons of TNT next month at Maralinga in central Australia.

### Zinc Stocks Rise



**STOCKS** of slab zinc in producers' hands at the end of July totaled 148,153 tons, the largest since October, 1954. They compared with 102,735 tons at the end of July last year. Producer shipments of slab zinc rose to 73,046 tons in July from 69,957 tons in June and 49,531 tons in July, 1956.

### Electronic Show Adds To Proof of Engineer Shortage Easing Off

Top People, However, Are as  
Difficult to Find as Ever,  
Recruiters Report

BY ROBERT W. HENKEL, JR.  
Staff Reporter of THE WALL STREET JOURNAL

**SAN FRANCISCO**—Further evidence of easing in the general engineers shortage appeared at the Western Electronic Show here. But "top engineers" are as hard as ever to find and, in fact, employers are boosting their efforts to interest talented teenagers in the engineering profession.

"We are using a rifle now instead of the old shot gun," explained Litton Industries Vice President Norman Moore. The big trade show and convention, recently concluded here, is one of the major get-togethers for the electronic industry. About 635 companies showed their electronic wares to over 30,000 West Coast engineers and industry people. Accompanying the show in recent years has been a horde of hungry recruiters jamming hotels to compete with each other for a short supply of engineers.

But in contrast with last year's show that saw recruiters snapping up almost every job-seeking engineer no matter what his qualifications, this year's recruiting effort was "over half off," estimated H. Myrl Stearns, convention secretary.

Mr. Stearns, president of Varian Associates, electronic tube manufacturer, pointed to his own company as an example. "Last year, we had a hotel room and were looking for engineers. This year we have no organized recruiting," he said.

**Wanted: Top Men**  
"There is no over-all shortage of engineers," Mr. Stearns asserted. But like other company officials questioned, he indicated that, if anything, top engineers are harder to get. "There will always be recruiting for outstanding engineers," he stated.

A similar view came from Raytheon Manufacturing Corp. recruiters in their headquarters at the Sheraton-Palace Hotel. Even though the Waltham, Mass., concern received "more applications" this year than last, "we are having just as hard a time as ever hiring research and development engineers," according to recruiter T. F. Collins. His partner, L. B. Landall, interjected: "Research and development ability is the primary reason for us coming out here. 'R' and 'D' people are hard to come by."

At the Whitcomb Hotel, Don Smith, recruiter for the University of Michigan's Willow Run Laboratories, reported that the school "is getting twice as many applications as last year." But he said "applications from good engineers aren't doubling too." The increase is coming from "so-so engineers," he added. The personnel director for a large Southern California aircraft company reported his 15 recruiters "are finding it harder to find what we want. And it's not as productive this year." But he added: "We're not getting as many applications either." His reasoning: "Engineers are becoming more security conscious and are sticking with their jobs" because of the recent lay-offs in Southern California plants connected with defense work.

**A Diminished Thirst**

Recent checks with aircraft companies have indicated a diminished thirst for engineering skill. Douglas Aircraft Co., for instance, said it is now "a little more selective in picking engineers." Officials at United Aircraft Corp. said "there has been a loosening of the engineer market." Republic Aviation Corp. stopped advertising for engineers. And Curtiss-Wright Corp. a few weeks ago let out 500 technicians, some of them engineers.

Even more striking was the layoff of more than 1,000 engineers at North American Aviation, Inc.'s Downey, Calif., plant. This followed the Air Force's cancellation July 10 of the Navaho guided missile project. Many of the engineers reported trouble in finding new jobs. Some took "insulting offers" of \$800 a month, or \$100 to \$200 less than they had been making. Others considered abandoning their profession for sales jobs, or getting engineering jobs in industries less dependent on Government defense work.

The continuing shortage of "quality engineers"—even though there has been a relaxation in the over-all demand for engineers—was cited as the reason for West Coast electronic companies and engineers inviting 29 teenagers from five states to show their exhibits at the convention. The electronic concerns and radio

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**HOLIDAY NOTICE**  
The Wall Street Journal  
will not be published Monday,  
September 2, Labor Day.

## Washington Wire

A Special Weekly Report From  
The Wall Street Journal's  
Capital Bureau

**DEFENSE SPENDING** in coming months will drop lower than a \$38 billion annual rate.

Pentagon money men reckon August outlays top a \$40 billion yearly rate, up seasonally from July's \$38.4 billion. Both figures pierce the \$38 billion ceiling set for this fiscal year. Outlays now must drop below the target rate to meet the half-year spending goal of \$19 billion. Officials find economy moves slow to take effect. They insist summer spending normally runs high, predict a September drop.

Military men may cut in defense contractors' payrolls begin to yield savings. But reductions in troops, Government employees won't have their full effect till late fall. Aircraft stretch-outs take many months to affect spending much. Officials pause to see if economy moves go deep enough. Desperation tactics remain in reserve: New troop cuts, reduced flying time.

Army chiefs hint they'll pull back more G.I.'s from abroad. The moves probably will affect troops in Japan, Korea, maybe Europe. The Air Force, Navy scan overseas forces for non-essential personnel.

**DEMOCRATS PLAN** revival of the Senate's monetary probe in a quest for campaign issues. Investigators will call big names in early 1958, search for support for pet economic theories. Bernard Baruch will take the stand. So will former New York Federal Reserve Chief Allan Sproul, International Monetary Fund boss Per Jacobsson. Sen. Kerr will hammer on his theme that rising interest rates boost prices. Byrd will stress inflationary effects of Federal spending.

Republicans claim they score a victory so far. They note Democrats abandoned plans for carrying on hearings right through autumn. G.O.P. Senators say most influential newspapers take their side. Most issues raised look too lofty to arouse the man in the street.

**MCLELLAN'S MEN** turn the spotlight on management, figure it'll help McNey.

Senate probes dig next into charges of union-management deals. Chicago labor relations consultant Nathan Shefferman will come on the carpet at October hearings. Investigators will air complaints of anti-union abuses by Dixie textile producers. Mundt even presses for scrutiny of reported misuse of stockholders' money by corporate officials.

Pro-labor Senators reckon the switch to management will help quiet union men's growing cries against the McClellan group. Some McNey colleagues beg the A.F.L.-C.I.O. chief to open up on the panel. "They're honest old timers who think this thing has gone too far," says an official. But McNey stands fast. His aides fight to keep state, local labor bodies from bucking the federation line.

The Senate group probably will look into Reuther's Auto Workers, though the decision isn't final. Preliminary spadework is complete. Goldwater drives for hearings on the auto union's tactics in the Kohler strike. Reuther arms for battle.

**RELAXED CURBS** on U. S. news coverage of China look likely, if the Reds let in U. S. newsmen on the seven-month "experimental" basis approved by Dulles. Officials figure Dulles will drop all or most restrictions in a few months. His first step looks like a face-saving retreat from his former rigid ban.

**PENTAGON STRONGMAN** Wilfred McNeil plans to quit. The military's fiscal chief will stay on long enough to smooth the Wilson-McElroy change of command. But he probably will accept a private-industry post next year. Insiders say deputy defense boss Quarles won't leave soon, though miffed at missing appointment to the top spot.

**LABOR'S FRIENDS** in the Administration urge union chiefs to toughen their cleanup tactics. High officials say labor must make dramatic moves to rescue its sinking prestige. They warn Eisenhower may propose still more labor curbs if unions don't get tougher. Mitchell tries to stall action, fears harsh crackdowns by Congress.

**TRUSTBUSTERS HUNT** fodder for new complaints. Officials push a probe of TV networks, aim to sue the three big ones. Antitrusters convene a grand jury to study charges of price-fixing, territory-splitting by sporting goods makers. A grand jury scans price-fixing charges against polio vaccine makers.

**S.E.C. SHIES** from Congress' plans to widen its stock market policing powers. "I see no urgent need for a new law," says an official, though the commission formally backs extension of S.E.C. rules to unlisted firms. Officials prefer more money to enforce present rules.

**LAWMAKERS AIM** to grease the way for fruitful '58 legislating with fall investigating.

Senators consider calling autumn hearings on postal rate rises to shoot for quick passage in 1958. Kefauver points his probe of industry's pricing policies toward tougher antitrust laws next year. Democrats seek new farm panaceas in December hearings. A House Labor group slams a Western tour as a springboard for minimum wage extension.

Combatants in next year's foreign trade tussle will strive to win a preliminary round this fall. A Senate panel plans autumn hearings to promote higher pay for military men. Some probers will generate more noise than action. A House group's traveling glance at housing financing problems promises to become a forum for "tight money" changes.

**Junket fever seizes lawmakers.** House foreign aid watchdogs head for Europe, Southeast Asia. Congressmen plan treks to Canada to study newsprint, to Europe to tackle tariffs, farm surplus disposal, atomic shelter problems.

**MINOR MEMOS:** Ex-Young Republican National Chairman Charles McWhorter joins Nixon's staff as the Vice President's right hand man. Disarmament negotiator Stassen orders summaries of U. S. press comment sent to him in London every other day. Congress shelves most major Hoover Commission proposals, despite Eisenhower's urgings for action. The Federal Trade Commission's study of antibiotics prices bogs down; completion appears months away.

## Nixon's Rise

He Takes Over as Real  
GOP Leader, Party's  
Likely Nominee in 1960

He'll Probably Chart 1958  
Campaign; Some Candidates  
Doubt Value of Ike's Aid

Altering the Public's Image

BY ALBERT CLARK  
Staff Reporter of THE WALL STREET JOURNAL

**WASHINGTON**—As President Eisenhower's influence wanes, an equally significant political development is quietly taking place. Vice President Richard Nixon now is emerging as the Republicans' real national leader as well as his party's most likely 1960 White House nominee.

This unmistakable trend is revealed in lots of subtle ways. Visiting Republican politicians seem as eager to huddle with Mr. Nixon as to visit the White House. Some G.O.P. candidates even are dubious about the value of Mr. Eisenhower's backing. Party leaders look to the Vice President, more than to Ike, for help in shaping campaign strategy for 1958 and 1960. They also count on Nixon to carry the heavy campaign load in next year's Congressional elections.

The startling victory of William Proxmire in this week's special Senate election in Wisconsin probably will sharpen the turn toward Nixon. Washington pins the defeat of Republican Walter Kohler partly on his strong backing of Eisenhower policies. The election results also emphasize the need for rebuilding the G.O.P. organization—and Mr. Nixon is an organization man.

**Didn't Usurp Leadership**

The Vice President, his friends emphasize, did not usurp the leadership role. Instead, the role was thrust upon him by circumstance. Mr. Eisenhower's illnesses, Ike's distaste for rowdy political organization. In addition, many a Republican believes that despite the President's own success at the polls, he dislikes political maneuvering and doesn't care as much as a party leader should about party affairs.

The Vice President, moreover, over a period of months has carefully attempted to alter the public image of himself. Mr. Nixon has tried, and he believes he has largely succeeded, to create the impression of a man with convictions, skilled in domestic affairs and foreign policy as well as in politics. An indication that he's had some success is the greatly reduced appearance of the derisive phrase, "Tricky Dick."

In other words, one of the Vice President's past liabilities has been the widespread criticism that he was "just a politician." But Mr. Nixon, though still a politician's man, has largely overcome in many voters' minds the complaint that he was a politician without principle. The Vice President's friends consider this of great importance because of the revolt against "the politicians" that reached its peak in 1952.

**Modifies His Conservatism**

The Vice President also has modified his former conservative bent, though his friends insist he never was as conservative as most people thought. The Nixon strategists figure that this modification has brought important political gains among Eisenhower Republicans who once distrusted the Vice President. Some G.O.P. conservatives, to be sure, have grown leery of the new Nixon "liberalism," but there is no sign yet that they will desert him. Mr. Nixon likes to think of himself as a "moderate" and he believes that is the basic mood of the country, despite this year's uproar over Mr. Eisenhower's budget.

In short, Mr. Nixon enjoys the confidence, and has the potential backing, of the bulk of the late Senator Taft's supporters. At the same time, he has acquired the support of the President and most of his wing of the G.O.P.

Senator Knowland, generally rated Mr. Nixon's chief rival for the G.O.P. Presidential nomination, cannot boast of such a strategic position. Furthermore, many experienced politicians doubt that even getting elected governor of such an important state as California can offset Mr. Nixon's advantages.

**Convention Fight Doubled**

As a result, an increasing number of politicians are coming to believe the much-discussed 1960 Nixon-Knowland struggle never will come off. The Vice President, always a political realist, admits to no such sanguine view. But some of the closest friends of the two White House rivals argue convincingly that Mr. Knowland never will take his bid for the 1960 G.O.P. nomination to the convention floor.

Sen. Wallace Bennett, Utah Republican, is one who's done some thinking—and inquiring—about the 1960 outlook, and he has this to say: "I have talked to a lot of Republican political party officials in California, and their almost universal statement to me is that this fight will never happen on the convention floor—that Nixon and Knowland will have resolved their differences and one of them will have pulled out."

Mr. Bennett doesn't say whether he thinks Mr. Nixon or Senator Knowland will bow out of the race. But like almost every one else, he's convinced the Vice President is the stronger man right now.

**The Health Question**

In addition, there remains the question of Mr. Eisenhower's health—a question politicians discuss frankly in private conversations. If the President should not serve out his present term, the Vice President of course would move to the White House and neither Senator Knowland nor anyone else could seriously hope to challenge him for the 1960 nomination.

But even if Mr. Eisenhower remains in office, politicians agree Mr. Nixon will be hard to dislodge from his present front-running position. Because of the President's distaste for partisan politicking, Republicans are looking more and more to Mr. Nixon for leadership in building up their party for the 1958 and 1960 elections. Both G.O.P. lawmakers in Congress turn to Page 10, Column 1



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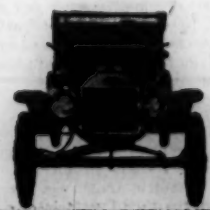
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## Congress Faces Increased Work Load in '58; Budget, Civil Rights Fights Blocked Many Bills This Session

### Lawmakers Likely to Act on Tax Cuts, Trade, Farm Aid, Other Topics in '58

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON — Congress, headed home  
this weekend weary from prolonged civil rights  
debate and its budget-cutting drive, faces an  
even heavier legislative work load next year.

Next year, with the first civil rights bill in  
82 years out of the way and election year  
pressures building up on the lawmakers,  
they're likely to produce many more major  
bills than this year. The legislators will deal  
with topics ranging from tax cuts to reciprocal  
trade and from farm aid to natural gas.

This year's biggest issues were clearly civil  
rights and the Congressional economy drive.  
The final bill authorizing the Federal Govern-  
ment to go into court to enjoin actual or  
threatened violations of the voting rights of  
Negroes, cast a long shadow over the session.

#### Other Legislation Blocked

Though it generated far less tension than  
once appeared likely, the time-consuming is-  
sue kept lawmakers from dealing with other  
legislation on hand. And along with the budget-  
cutting drive, it helped kill the President's  
school construction bill and delayed action on  
such other items splitting the North and South  
as extension of the \$1-an-hour minimum wage  
to additional workers.

The sudden resurgence of economy senti-  
ment in Congress also blocked many proposals.  
The Government's lease-purchase program for  
Federal buildings fell victim to the budget-  
cutting spree, which also forced delay until next  
year, at least, of consideration of plans to pay  
off Germany and Japan for property seized  
during World War II or to furnish Federal aid  
for "depressed" U. S. communities.

The lawmakers, however, did endorse the  
President's Middle East doctrine, curtail the  
program of fast amortization for tax purposes,  
provide for Government construction of five  
atomic reactors and a Federal insurance pro-  
gram against nuclear plant disasters.

Congress also authorized lower minimum  
down payments on homes bought with Federal  
Housing Administration-insured mortgages, let  
New York State develop Niagara Falls hydro-  
electric power and allowed the Treasury to  
raise interest rates on saving bonds to 3½%  
from 3%.

#### Results of Economy Drive

Apart from its effect on other legislation,  
the economy drive was also translated more  
directly into dollars and cents. Congress took  
a luster bite, well over \$5 billion, out of the  
\$73.3 billion of appropriations the President  
sought last January. Cutting appropriations, of  
course, isn't the same as reducing Govern-  
ment spending and Administration fiscal au-  
thorities doubt Congress' action would reduce

the \$71.8 billion budget forecast for the present  
fiscal year, started July 1, by any more than  
\$1 billion, if that much.

But the appropriations reductions helped  
make tax cuts a real possibility for next year.  
By the session's closing days, the President's  
earlier opposition to the lawmakers' economy  
fervor had turned into a determination to hold  
Federal spending down and members of both  
parties were jockeying for position to claim  
credit for any 1958 tax reduction.

This year's meeting was the first session  
of the 85th Congress and that meant all legis-  
lation had to start from scratch. But in 1958,  
bills pending in committee or in one house or  
the other will be picked up right where they  
are. That, plus the normal election-year pres-  
sures on lawmakers to pass legislation for the  
folks back home, practically insures a more  
productive year in 1958.

Congressional officials note, however, the  
desire for tax cuts might put a crimp in plans  
to pass costly legislation. But many lawmakers  
will be searching for some way to have their  
cake and eat it, too.

Officials say, for example, Congress could  
pave the way for a popular bill to boost pay  
for postal workers by enacting an increase in  
postal rates. Cutting down on the scope of the  
soil bank might free more funds for other  
schemes to aid the farmers. Agriculture Sec-  
retary Benson, of course, will be plugging for  
lower price supports for major commodities.

#### Measure With Little Effect on Spending

Actually, the bulk of major measures loom-  
ing next year would have only a slight effect  
on Government spending. Technical bills deal-  
ing with excise taxes and tax loopholes, al-  
ready passed by the House, would cost little.  
Proposals to liberalize the social security pro-  
gram would be paid for by workers and em-  
ployers. Administrative expenses for regulating  
employee welfare and pension funds, if such a  
plan was approved, would be relatively small.

Bills to loosen Federal controls over natural  
gas producers, force bigger corporations plan-  
ning mergers to notify Uncle Sam in ad-  
vance and overhaul the nation's banking laws  
— all left over from this year — would like-  
wise have little effect on federal expenditures.

Here's a summary of some of the major  
actions Congress took in 1957:

**Appropriations:** The lawmakers cut over \$5  
billion from the President's original request  
for \$73.3 billion in new funds for fiscal 1958  
which started July 1. About \$9 billion of that  
total was in automatic appropriations such as  
money to pay the interest on the national debt,  
and could not be touched by Congress.

Defense and foreign appropriations sus-  
tained the deepest reductions. Congress slash-  
ed the Administration's \$36.1 billion request  
for defense funds by \$2.4 billion and the \$4.4  
billion sought for mutual security by \$1 billion.

**Taxes:** Issuance of certificates to companies

allowing them to write off part of the cost of  
new facilities for tax purposes in five years  
instead of a longer span was restricted to pro-  
jects for direct defense and Atomic Energy  
Commission work. The whole program will  
come to an end by December 31, 1959, unless  
Congress changes its mind before then. The  
52% corporate income tax rate and current  
excise levies on autos, cigarettes and liquor —  
set to expire last March 30 — were extended  
for 15 months until June 30, 1958.

**Housing:** Over \$1 billion of additional funds  
were made available to the Federal National  
Mortgage Association to strengthen the resale  
mortgage market. Minimum down payment re-  
quirements on homes purchased with Federal  
Housing Administration-insured mortgages  
were lowered and the Veterans Administration  
home loan guarantee program for World War  
II G. I.'s was extended another year, through  
July, 1959.

**International Affairs:** Congress passed the  
President's Middle East resolution and pro-  
vided for U. S. participation in the interna-  
tional Atomic Energy agency.

**Atomic Energy:** Democrats pushed legis-  
lation through Congress to force the Atomic  
Energy Commission to build five nuclear re-  
actors to produce electric power and make  
engineering studies of two others. Government  
insurance of up to \$500 million in case of dis-  
asters at privately-owned atomic power plants  
was also provided.

**Public Power:** New York State was author-  
ized to build a \$566 million power plant to tap  
Niagara Falls electric power with about one-  
fourth of the output earmarked for Niagara-  
Mohawk Power Corp. A Senate-passed bill to  
let the Tennessee Valley Authority issue up to  
\$750 million revenue bonds to finance its own  
expansion appears likely to win House ap-  
proval next year.

**Farm:** The surplus disposal program — so-  
called "public law 480" — was extended another  
year and Agriculture Secretary Benson em-  
powered to unload an additional \$1 billion of  
excess U. S. farm products abroad for  
local currencies. He was also allowed for the  
first time to barter with Eastern European  
satellites of the Soviet Union.

**Transportation:** Congress passed bills aimed  
at making it easier for airlines to finance new  
equipment by providing a Federal guarantee  
of private loans for small feeder lines, and  
granting airlines the same treatment as rail-  
roads on equipment trust certificates. A host  
of bills tightening the Interstate Commerce  
Commission's control over truck operators was  
also enacted.

**Small Business:** The lawmakers extended  
the Small Business Administration for one year  
with the likelihood S.B.A. will be made a  
permanent agency at the next session.

## Foreign Aid Planners Rebel Against 'Ceiling' on Spending for Fiscal 1959

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON — The White House is run-  
ning into at least a little resistance in its  
attempts to hold its fiscal 1959 budget at this  
year's level.

Specifically, the Administration's foreign  
aid planners intend to go ahead and make their  
estimates for next year's spending on the basis  
of need, rather than a Budget Bureau "ceil-  
ing."

Budget Director Percival Brundage, who  
normally works for the White House in his  
field, has told foreign aid officials to hold their  
requests for new appropriations during the  
fiscal year starting July 1, 1958, to \$2.5 billion.  
But, outgoing aid administrator John B. Hol-  
lister has directed his agency, the State De-  
partment and the Defense Department to draw  
up their budget plans for foreign aid activities  
on the basis of need rather than the pre-set  
ceiling.

All other agencies, too, are under Budget  
Bureau admonition to hold down spending in  
both the coming year and in the present one.  
The White House aims to keep overall Federal  
spending in 1959 at or below levels of the  
present fiscal year.

#### Pentagon's Economy Effort

The Government's biggest spender, the Pen-  
tagon, is making a determined effort to hold  
down its mounting total. Defense Secretary  
Wilson has told his service secretaries to make  
their spending plans on the basis of \$38 billion  
in 1959. That's the same level as spending is  
stated in the current fiscal year. In the Pen-

tagon and foreign aid operations, spending and  
appropriations have been running about even  
with each other in recent fiscal years.

The Budget Bureau has also notified all  
other Government agencies of the ceilings it  
wants them to obey in their planning for the  
fiscal 1959 budget.

Government officials called the ceilings  
"perfectly normal procedure." They explained  
that during the spring of this year, all Govern-  
ment agencies submitted to the Budget Bu-  
reau their tentative estimates of what they  
would need to spend and ask for in the way of  
appropriations from Congress for next year.  
The Budget Bureau then went over all these  
requests and balanced them with President  
Eisenhower's policies and the general overall  
picture of agency spending demands.

#### Brundage Indicates Limits

In late June, Mr. Brundage began indicating  
to all agencies the ceiling they should shoot  
at in preparing their formal budget estimates.  
The ceiling for foreign aid appropriations went  
out to Mr. Hollister at the International Co-  
operation Administration about the last week in  
June, officials said.

A couple of weeks later, after consultation  
with his advisors and other administration of-  
ficials, Mr. Hollister, who technically directs  
all aid activities, wrote Secretary of State Dul-  
les and Defense chief Wilson that their de-  
partments should go ahead and plan on the  
basis of a strong foreign aid program rather  
than on the basis of the Budget Bureau ceil-  
ings.

The State Department gives overall guid-  
ance to the aid program, with particular em-  
phasis on the economic side. The Defense De-  
partment figures out the needs for military  
aid while the I.C.A. generally runs the pro-  
gram.

Officials added that the Budget Bureau ceil-  
ings aren't inflexible. They explained that an  
agency can propose extra spending above the  
ceiling for essential items and that the Budget  
Bureau then rules on this.

#### Requests Submitted September 30

The Budget Bureau won't find out how well  
its instructions are being followed until the end  
of next month. Executive agencies begin sub-  
mitting their official and detailed budget re-  
quests September 30. After that, the Budget  
Bureau holds its own hearings with agency of-  
ficials during the fall. In the winter, Mr. Br-  
undage and the White House work out the pre-  
cise budget spending and appropriations re-  
quests as balanced against anticipated Govern-  
ment income.

President Eisenhower will then hand this  
estimate, which fills a book the size of a met-  
ropolitan phone book, to Congress in mid-  
January. The lawmakers complete the 12-to-  
18-month budget process by appropriating what-  
ever funds it deems necessary. Congressional  
action usually goes on into the fiscal year  
being considered. For instance, the law-  
makers are just finishing action this week on  
the Administration's foreign aid appropriations  
for the current fiscal year which began July 1.

The Congressional aid appropriations bill  
which came out of a conference committee  
between the House and Senate provides \$3.4  
billion of aid funds for this year. This is well  
below the approximately \$4.4 billion in ap-  
propriations that President Eisenhower asked for.  
It is, however, almost the same as the \$3.5  
billion appropriation ceiling the Budget Bureau  
asked the foreign aid agencies to shoot at for  
next fiscal year.

## Beck Asks O'Rourke To Look Into Allegedly 'Phony' Locals

Units, in New York, Were Said to  
Have Been Formed to Help  
Elect O'Rourke Council Chief

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON — Teamster chief Dave Beck  
handed part of the job of investigating six  
allegedly "phony" locals in New York City to  
the union officials for whom the locals sup-  
ported were set up to elect.

The outgoing Teamster president asked  
John O'Rourke to conduct a "preliminary in-  
vestigation" of the locals and to give "every  
aid and assistance" to a five-man committee  
of minor Teamster officials who will carry out  
the formal investigation.

Mr. O'Rourke, a close associate of Team-  
ster Vice President James Hoffa, of Detroit,  
is president of New York Teamster Joint Coun-  
cil 16. The Special Senate Investigating Com-  
mittee, charged the "phony," or memberless,  
locals were created at the request of Mr.  
Hoffa to try to swing the election of Mr.  
O'Rourke as council president. This, the Sen-  
ate group claimed, was part of a Hoffa move  
to take control of New York Teamster opera-  
tions.

Mr. Hoffa, who presently is considered the  
front runner for succession to the union presi-  
dency to be vacated by Mr. Beck, never flatly  
denied he had asked that the locals be created  
when he was a witness before the Senate  
committee.

The committee charged that the locals,  
which had seven votes each in the council  
election, were staffed with henchmen of rack-  
eteer Johnny Dio, who were transferred from  
Dio-controlled locals in the old A.F.L. United  
Auto Workers.

Creation of the locals, the panel claimed,  
was an attempt to beat a Hoffa foe, Martin  
Lacey, as president of the council. After a  
court fight over the election, Mr. Lacey again  
took over the presidency of the council, but  
withdrew shortly after and Mr. O'Rourke took  
over.

In naming the five-man union committee  
to carry out the investigation, Mr. Beck told  
the group to have its report ready by Septem-  
ber 20, only 10 days before the Teamster con-  
vention September 30.

The move was viewed as an attempt to  
head off A.F.L.-C.I.O. charges against the  
Teamsters. The union is slated to come be-  
fore the A.F.L.-C.I.O. Ethical Practices Com-  
mittee September 5 and to answer corrup-  
tion charges already filed against it by the  
Federation. The Teamster investigation would  
allow the union officials to show they are  
"doing something" about meeting Federation  
cleanup demands.

The five officials named by Mr. Beck to  
investigate the New York locals are Dave  
Kaplan, a union economist from New York  
who also is a member of the Teamster Union's  
three-man finance committee; Nicholas P.  
Morrissey, an international organizer in New  
England; Albert Deitrich, an organizer in the  
Washington area; William Griffin, chairman  
of the union's miscellaneous trade division,  
and Frank Murtha, an economist with the  
Teamsters Southern Conference.

Mr. Beck said the motion in the executive  
board in Los Angeles for the investigation was  
made by Mr. Hoffa and seconded by Vice  
President Tom Hickey. Mr. Hickey, from New  
York, is Mr. Hoffa's only currently announced  
opponent for the presidency. He told the Sen-  
ate committee that he opposed the creation  
of the locals, but to no avail.

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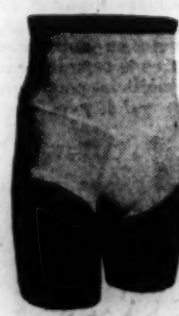
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# Construction Contracts in July Dropped 4% Below '56; Apartment Building Rose But Heavy Engineering Fell

## F. W. Dodge Official Warns July Counter Movements Aren't Necessarily a Trend

By a WALL STREET JOURNAL Staff Reporter  
NEW YORK—Construction contracts in July fell 4% below year earlier levels, F. W. Dodge Corp. reported. In the process, some sectors of the building business ran surprisingly counter to their previous paths this year, but a Dodge official warned against reading a trend into the July reports—yet.

The July total of \$2,900,681,000, was also well below the \$3,243,486,000 registered in June.

Housing, a weak spot this year, rose last month both in dollar volume of contracts and units but the increase was accounted for mostly by an over-100% rise in multi-family housing units and their contract value. Single family homes in July fell 7% in units, but rose slightly in dollar volume. This reflects increases in both the average size of homes and in construction costs.

(In Washington, the Federal Housing Administration reported July applications for home mortgage insurance on new homes exceeded 1956 for the first time this year. They ascribed this to the fact current levels are being compared with a declining trend a year ago and also to a switch to F.H.A.-backed loans from harder-to-get

Veterans Administration-insured mortgages. Story below.)

Heavy engineering projects especially public works and utilities, fell sharply last month, Dodge said. This type of construction has been a major source of strength in the construction industry this year accounting for most of the gains over 1956 levels. Also depressing July contract totals were marked declines in contracts for factory structures, which fell 26%. For the first seven months, factory building contracts are down 9% from the like period in 1956 to \$1.4 billion. And office buildings, schools, hospitals and other public buildings also declined last month but for the year show gains over the first seven months of 1956.

"One month does not make a trend," said Thomas S. Holden, vice chairman of F. W. Dodge, construction news and marketing specialists. He said, however, that if the reversals continued during August it would indicate dislocations in the construction industry extending beyond the normal fluctuations in monthly contract figures.

Total construction contracts awarded in the nation during the first seven months of 1957 rose 3% to \$19,858,686,000 from the corresponding period last year.

July contracts for apartment buildings and homes rose 13% to \$1,286,937,000 and the number of dwelling units rose to 95,696, an increase of 7% over July, 1956. For the first seven months, residential contracts are \$7,770,251,000, or 2% below the like period of 1956. However,

single family homes, the bulk of the housing market, have declined 9% to \$4.3 billion in the first seven months and are off 16% in the number of units compared with the similar period a year ago.

In contrast, apartment houses are continuing to account for a large proportion of new housing construction. For the first seven months this type of building accounted for about \$985 million in contract awards and the number of units has risen 40% above the level of the first seven months of 1956.

July contracts for non-residential buildings such as stores, factories, office buildings, and churches, fell 11% below July of last year to \$960,658,000. Factory building contracts continued their poor showing in the month but a "surprising" decline was registered by schools. However, for the first seven months, non-residential building contracts rose 3% to \$4,931,405,000, buoyed by an 11% increase in office and bank buildings and a 3% increase in schools. The value of school contracts in the period rose to \$1.7 billion.

The largest percentage decline in July was that of heavy construction projects though a Dodge economist said he was sure "this is only a temporary shift in monthly contract patterns that probably was caused by unusually high awards last year in July or a delay in awards last month." In July these contracts, covering such facilities as roads, power, water, sewer and airport projects, fell 18% below July, 1956, to \$653,086,000. In June, the total was \$901,989,000, a 25% increase over June, 1956.

For the first seven months of the year, however, engineering awards rose 14% to \$5,157,030,000.

A Dodge official said the awarding of construction contracts last month was probably little affected by the industry-wide cement strike during the month.

## Reuther Asks President To Speed Up Study Of Car Price Cut Plan

### He Says Economic Advisers Should Call Conference Before Firms Set Prices on 1958 Autos

By a WALL STREET JOURNAL Staff Reporter  
DETROIT—Walter P. Reuther, president of the A.F.L.-C.I.O. United Auto Workers Union, has asked President Eisenhower to expedite a promised study by his economic advisers of a union proposal that the Big Three auto companies cut their wholesale prices by \$100 on 1958 models.

The three concerns—General Motors Corp., Ford Motor Co. and Chrysler Corp.—have all rejected the plan. They asserted prices are matters to be decided by the companies alone, and are not subjects for labor-management bargaining.

Mr. Reuther told a special press conference that the study gains urgency because it will soon be time for the auto companies to price their 1958 models. He proposed that the advisers conduct a hearing on the subject, calling in top officials of both the auto companies and the union to state their positions. The union, as its part of the plan, would promise to soften its bargaining demands in talks on new labor contracts next year.

Mr. Eisenhower received copies of the letters proposing the plan which the union sent the three companies. The President hasn't expressed an opinion on it, and has said it was referred to his economic advisers and other Administration agencies for study.

(In Washington, Dr. Raymond J. Saulnier, chairman of the President's Council of Economic Advisers, said he had not yet received any request for a conference from Mr. Reuther.)

The White House had no comment on the U.A.W. chief's press conference.

Mr. Reuther said the union is going to pursue its proposal and it will not give up its attempts to persuade the auto companies to cut prices. He said that, should the study by the economic advisers fail to produce any concrete results, he has a third step in mind. But he would not specify what this third step might be.

The U.A.W. president said he had sent his letter to President Eisenhower on Tuesday, and that it should have been received on Wednesday.

#### Advisor Writes Union Chief

In the letter, Mr. Reuther said that Dr. Gabriel Hauge, of the President's staff, had written him that the President regarded an earlier letter on the subject by Mr. Reuther "as hopeful augury that a sense of civic responsibility will prevail in the future negotiations between labor and management." He added that Dr. Hauge emphasized the President's hope "that all parties will enter into and conduct their collective bargaining negotiations with a keen awareness that the public as well as the parties have an interest in the agreement they reach."

Mr. Reuther denied that the union is trying to bargain on prices as was suggested by Harlow H. Curtice, president of General Motors. He said the union used the suggested figure of \$100 because "it was a good round figure and we had to start somewhere."

The study which Mr. Reuther suggested for the economic advisers and representatives of the auto companies and the union was outlined as a two-day session in which "we would really try to find out what we can together toward checking the inflation spiral."

In answering objections which have been voiced about the effect of a price cut by the "Big Three" on smaller auto makers, the union chief said the union feels it is socially unsound for 97% of the industry to refuse to cut prices simply because the smaller companies have a problem. Other things, he said, should be done about their problems outside the realm of prices.

#### Reuther Denies Single Proposal

Mr. Reuther also denied that his only specific proposal so far has been that the auto companies cut prices, and that the union has not proposed any specific reciprocal action. He said the effect of a price cut would necessarily have to be a subject of wage negotiations when they begin next April because "ultimately, what we get will depend on the size of the economic pie."

In response to Mr. Reuther's statement, L. L. Colbert, president of Chrysler Corp., said: "Nothing that came out of today's U.A.W. statement and press conference changes the nature of the union's proposal of August 16, which I explained for what it was in my letter to Mr. Reuther on Friday, August 23. As I stated in my letter, inflation is a matter of great concern to us here at Chrysler and to all thoughtful persons, and our 1958 cars will be priced as low as possible, consistent with the cost of our labor, materials, and services, the good health of our business, and with full consideration of the buying public."

Mr. Curtice said: "Mr. Reuther's 14-page publicity release rearranges my letter to General Motors to which we replied in detail on Thursday August 22, but ignores the constructive suggestion made by General Motors that he announce a willingness to extend the G.M.-U.A.W. contract for a period of two years beyond May 29, 1958."

#### Extension Said Constructive

"Such an extension would have a constructive and stabilizing effect on the whole economy. It would continue the G.M. wage formula which provides for cost of living adjustments based upon the Bureau of Labor Statistics consumer price index and also for an annual increase in wages of 2 1/2% or six cents an hour, whichever is greater. For our part, we reiterate we will continue to do all in our power to resist inflationary pressures and promote stability."

Henry Ford II, president of Ford Motor Co., said: "Mr. Reuther's comments of today are no more valid than they were when he first made them in another form two weeks ago. He simply has made another attempt to

## Swiss Banker Group Asks Members To Stay Out Of U. S. Proxy Fights

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON—The Swiss Bankers Association has gone along with U. S. hints and called on its members to steer clear of American proxy contests.

It was learned the Swiss association has circulated to its 312 member banks a confidential recommendation urging them to keep out of stock-buying fights for control of American companies.

U. S. diplomats assert the action was the Swiss association's idea. But it was learned U. S. officials have said to Swiss diplomats and financial leaders that it would help everyone concerned if the Swiss were to do something to curb involvement by that country's banks in American proxy fights.

Among the other details understood to be in the circular is a recommendation that banks vote whatever stock they own in American corporations for management proposals. It is also said to ask members to increase their margin requirements for purchase of stock in the U. S. (The United Press reported the request calls for the buyer to put up at least 70% of the purchase price.)

#### Members Told In July

The Swiss association worked up its recommendations this past spring and summer, and is reported to have presented them to its members in July. Officially, no word of the action has been given to the U. S. Government. But, unofficially, U. S. diplomats were known to have been told of the action. American financial advisors say they didn't recommend what steps the Swiss should take or comment on the Swiss Bankers' Association plan before it was made public.

The development stems directly from the bitter proxy fight earlier this year for control of Fairbanks, Morse & Co. In that fight, forces led by Leopold D. Silberstein, the head of Penn-Texas Corp., tried to oust the Fairbanks - Morse management. The fight was stalemated with the old management in effect running the company. Now, Mr. Silberstein is being challenged - unsuccessfully so far - in the Penn-Texas board.

During the Fairbanks-Morse struggle, a leading Swiss bank was reported to hold a block of stock which was voted for the Silberstein slate and came in for unfavorable public

licity. Earlier, it had been reported a Swiss bank also held a block of about 12,000 shares of Montgomery Ward & Co. stock and voted it in favor of Louis Wolfson's unsuccessful attempt to win control of that mail order concern.

The Fairbanks-Morse fight eventually came into extensive public hearings by a Senate Banking subcommittee, headed by Sen. Lausche (D., Ohio). Republican Sen. Capehart of Indiana took a leading role in the hearings and proposed a bill to deal with foreign owners of U. S. stocks. The Securities and Exchange Commission opposed the measure.

During these hearings, Swiss diplomats and bankers were known to be watching developments closely. It is believed here that the Swiss bankers' present action may have been influenced by the fear of legislation that would curb their U. S. activities.

Other charges discussed in Congressional hearings, but never proved, have accused the Swiss banks of fronting for attempts by Russian Communists to take control of important American defense concerns.

#### Complaints Stung Bankers

These complaints reportedly have stung Switzerland's bankers, who are noted for their world-wide dealings. Men here familiar with the situation explain that Swiss banks have been attempting to avoid looking like Russian agents to Americans and like American puppets to the Russians. This is thought to be one of the reasons for the secrecy in the Swiss association's instructions to its members.

Swiss and American diplomats here said the Swiss association is a private organization having no government ties. Therefore, the officials said they hadn't been involved in official consultations on the matter. State Department officials said no complaints had been registered by the U. S. nor had any notes or other official communications been exchanged between the two governments on the matter.

It is understood that the association recommendation carried no fines or similar legal penalties for violation. Presumably, however, members who refuse to follow the association's urging could be dropped from membership.

The recommendation is understood to tell banks to return to their historic policy of avoiding proxy fights.

## FHA Applications Up

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON—July applications for proposed home building under the Federal Housing Administration program exceeded the year-ago level for the first time this year.

The agency reported it received mortgage insurance applications for 18,387 proposed homes in July. This exceeded the 16,627 the month before and also topped the 16,890 units proposed a year earlier.

F.H.A. officials said the gain over the July, 1956, figure represented a return toward normal rates now compared with a declining situation last year.

They attributed part of the current gain to increased business from persons who normally would seek mortgages backed by the Veterans Administration. "The V.A. program has almost disappeared," an F.H.A. spokesman declared.

The latest July report, officials noted, did not reflect recent action by the F.H.A. to boost interest rate ceilings and lower down payment floors. These moves went into effect in early August.

New homes planned in July with F.H.A. mortgage backing were the highest since May, 1956, when the agency received 22,132 applications. Since that period, applications slipped steadily to a low of 7,749 last December, then began picking up this year.

For the year through July, applications to insure new homes totaled 107,544 units, compared with 137,107 in the like 1956 period.

On homes already built, F.H.A. received 27,889 mortgage applications in July, up from the 23,953 the month before and higher than the 22,051 units a year earlier. June applications also exceeded the year-earlier figure on existing homes.

Applications for insurance on already-built homes for the first seven months of the year totaled 147,485, the agency reported. This compared with 164,705 a year earlier.

## Office Occupancy High In Manhattan Despite Construction, Board Says

By a WALL STREET JOURNAL Staff Reporter

NEW YORK—Ten new Manhattan office buildings containing 3,408,800-square feet of rentable office space were completed in the year ended May 1 without causing any appreciable change in occupancy of new or old buildings, said the Real Estate Board of New York.

"Virtually everything built was occupied when the buildings opened and as fast as the tenants occupying them moved out of the older structures, other tenants took up the space vacated," Robert S. Curtiss, president of Board, said.

The group's survey of Manhattan skyscrapers showed only 1.3% of the office space vacant, down from 1.4% in a similar survey in May, 1956. While both figures are slightly higher than the record low of 0.2% unoccupied, registered in 1947, they are well below the 1934 high of 24.8% of all space vacant.

The new construction brings to 73 the number of buildings built since the end of the World War II, containing nearly 20 million square feet of office space. Under construction are 15 buildings with 5,700,000-square feet, and builders have filed plans for 29 more structures to contain 14.4 million square feet.

If all are completed, 117 new office buildings will be added to the Manhattan skyline with nearly 40 million square feet of available office space.

Gordon MacDonald, research director of the Real Estate Board, said much of the excellent performance in new buildings was due to demand and the fact that most large investors must be 80% rented before large investors funds will grant mortgages to the builder or owner. Not only must leases be signed, he said, but generally they must be long-term ones with companies with excellent credit reputations.

In contrast, during the building boom of the 1920's, much financing was through bond issues and was a major cause of large-scale vacancies after 1930.

## Sen. Jackson Asserts Pentagon Cuts Planned Output Rate of Missiles

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—Sen. Jackson (D., Wash.) asserted the Pentagon has reduced the planned monthly rate at which intermediate and long-range guided missiles will be produced, once they're perfected.

He claimed the decision was made for economic reasons as part of the Administration's drive to limit Federal spending. He made the statement after a closed-door briefing for lawmakers by Deputy Defense Secretary Donald Quarles and other Pentagon and Central Intelligence Agency officials.

The briefing for a House-Senate Atomic Energy subcommittee, headed by Mr. Jackson, was called after Russia announced it had successfully fired an intercontinental ballistic missile.

Mr. Quarles challenged the Washington Senator. He told reporters after the meeting: "We have not allowed funds to injure the missile program to the best of our knowledge."

Mr. Jackson said the target dates for developing intermediate and long-range missiles to the point where they could be put into actual operation have also been postponed. This, he said, was due not for economic reasons but because of technical difficulties.

(Secretary of the Army Wilber E. Bruce said yesterday the Army's 1,500-mile Jupiter missile is "a spectacular success," the Associated Press reported. A Jupiter was reportedly launched Wednesday from Patrick Air Force Base and traveled the planned 1,600-mile distance without a single hitch.)

The lawmaker supplied no specific figures; these, of course, are classified. But based on information given by Defense officials last April to the Senate Armed Services Committee, of which he is also a member, he declared, "I want to say categorically there has been a change in production schedules of the intermediate ballistic missile and the intercontinental ballistic missile as to the target date and to the numbers produced."

The date of first production, he said, has been pushed back because of "slippage," or technical problems. The number produced per month, he declared, was reduced because of an "overall dollar decision."

The lawmaker also told reporters the Defense Department earlier this month ordered a ban on overtime work on ballistic missiles. Among other things, as a budgetary move. He

## Penn-Texas Directors, By 4-to-3 Vote, Reject Bid to Oust Silberstein

By a WALL STREET JOURNAL Staff Reporter

NEW YORK—An attempted coup by three rebel directors of Penn-Texas Corp. to oust the company's president and chairman, Leopold D. Silberstein, was defeated by a 4-to-3 margin at a special board meeting.

Defeat of the motion had been expected because Mr. Silberstein received a vote of confidence by a 5-to-3 margin at a regular directors' meeting on Monday, after the call for the special meeting yesterday had been made.

Mr. Silberstein, who is hospitalized for treatment of an ulcer, did not attend the meeting. The move to unseat him was proposed by Robert G. Finkelstein, a real estate investor; Wallace S. Whitaker, retired chairman of Intercontinental Hotels Corp., a subsidiary of Pan American World Airways, and retired Maj. Gen. P. T. Lanham, a Penn-Texas vice president.

Voting against the ouster were Ernest Stroheim, Penn-Texas vice president and treasurer; Seymour M. Heilbron, secretary; Duncan M. Findlay, New York real estate and insurance executive; and Oscar L. Chapman, Washington attorney and former Secretary of the Interior.

Samuel F. Pryor, Jr., vice president of Pan American World Airways, who was named to the Penn-Texas board on Monday, did not attend the meeting. Reached by telephone in Washington, Mr. Pryor said he had asked that his acceptance of a director's position be deferred until he could investigate whether Civil Aeronautics Board rules allow him to serve on the Penn-Texas board because a Penn-Texas subsidiary makes aircraft parts. Mr. Pryor was nominated as a director by Mr. Silberstein.

After the fast 20-minute meeting, Mr. Whitaker said: "The vote today does not indicate there will be no further action on our part." He said the three directors would continue to demand more information about the company. Mr. Whitaker said he did not know whether the proposal to oust Mr. Silberstein would be brought up at future directors' meetings.

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shift the blame for inflation from himself to someone else.  
"This latest statement by Mr. Reuther is another desperate attempt on his part to smokescreen the inflation-fanning demands he will make of the automotive companies next June at the expiration of their contracts with him and his union—demands already characterized by him as 'the biggest wage increase in the history of the union.'"

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## REVIEW and OUTLOOK

## Half a Cup of Sugar

If a neighbor dropped by this morning with a half cup of sugar to repay a full cup borrowed last week, we suspect there'd be some strain on the good neighbor policy. And if this were often repeated, it wouldn't be long before the borrowing neighbor found your doorbell went unanswered.

Which is why it is not too surprising that the Federal Reserve Board has discovered people are less enthusiastic about U. S. Savings Bonds than they used to be.

The Treasury has been having trouble with its Savings Bond program for some time now. The total amount of money it is able to borrow from the public on Savings Bonds is down. Moreover the amount it has had to pay out has exceeded the amount it has been able to borrow. In the first seven months of this year the redemptions of old Savings Bonds were \$600 million more than the sales of new bonds.

Several reasons have been advanced for this; people generally aren't saving as much money, the rate of interest has been too low, and so on. Just recently the Treasury boosted the interest rate in an endeavor to sell more of these bonds.

All these reasons certainly have something to do with the case. The public generally is still saving money, but as Reserve Board Chairman Martin noted the other day the rate of savings is not as high as it ought to be considering the supposedly high level of prosperity. The interest rate on savings bonds has been low relative to the general money market. To some extent the Treasury Savings Bonds suffer from the fact that they are a little more inconvenient than a bank savings account.

But that isn't the whole of the matter. The Reserve Board's surveys not only found that the number of families preferring Savings Bonds had dropped from 42 percent in 1954 to 26 percent now; they also found a decreasing enthusiasm for fixed-return investments generally. The number of people who prefer to put their savings in real estate has grown from 8 percent to 12 percent. Those who prefer stocks have grown from 7 percent to 10 percent.

Well, it took quite a bit of sugar to buy a \$100 Savings Bond in 1944. In 1954 when those bonds matured, the patriotic citizen received about a third more dollars than he had lent the Government, exactly according to promise. But with those one-third more dollars he couldn't buy one-third more. He couldn't buy as much.

Nor does the thrifty householder have to go all the way back to 1944 and the war years to have suffered the same pains. The people who are today claiming the return of loans made to their Government on Savings Bonds in 1947 are also finding that their savings have shrunk, not grown, in a decade.

You don't have to be a financial expert to learn from that kind of experience. The trouble the Government is having right now with its Savings Bond program—indeed, with its whole debt management program—is traceable to its past actions in slashing the value of the dollar.

It would have been surprising if the Federal Reserve surveys had found any other attitude among the nation's families. For it's just plain hard to keep people from noticing that what comes back is only half a cup.

## Let Us Give Thanks

The vaccine for Asiatic—or, as the headline writers prefer to call it, Asian—flu is reported to be in rather short supply right now, though by the turn of the year the United States Public Health Service says that production will be great enough to provide one shot for about half the people of the country.

Public Health officials say that the one cubic centimeter shot provides about 70 per cent immunity. They also think it better to keep the dosage at present levels and thus have more vaccine for more people than to increase the dosage and have less shots to go around.

The armed services, however, have doubled their requests for vaccine. The plan is to give every soldier, sailor, marine and airman two shots instead of one. By our slide rule, this will provide each serviceman with approximately 140 per cent immunity.

Now we do not wish to be thought unpatriotic about this situation—we recognize as well as anyone that young men in uniform deserve the very greatest possible protection at all times. In fact, we feel so strongly about the matter that we will gladly give up our shot to the first serviceman who comes along, regular or reserve.

But we do have two observations to make. One is that nobody ought to be surprised that the armed services want twice as much as anyone else of anything.

The other observation is that everybody concerned—including the soldiers, sailors, marines and airmen—ought to give thanks that servicemen do not have three arms.

## Nickel Subways and Two-penny Postcards

It hasn't been so many years ago that New York's mayors—and mayoralty hopefuls—quivered in their boots at the thought of ending the nickel subway.

Yearly the subway's financial drain on the city's treasury grew larger; yearly the service got worse because there was no money for upkeep or for an adequate staff. Nothing was done because politicians shuddered at the thought of all those millions of subway riders, voters all, who would wreak vengeance on anyone raising the fare. The nickel, politically speaking, was more sacred than the Constitution.

Finally the financial situation got intolerable and—with many political prayers—the nickel subway vanished. Subway service is not yet anything to boast of, but at least there are now some new cars and more on order.

And, believe it or not, there was never any political revolt.

The moral of all this seems to have escaped Washington. The other day a Senate committee shelved a bill that would have abandoned the two-penny postcard and the three-penny letter.

Every Senator on the committee knows about the postal deficit; each knows how ridiculous it is to pretend that in 1957 you can transport a letter from New York to San Francisco at a 1937 price. What paralyzed the Senators was the thought of those millions of letter-writers who might be outraged at paying a penny more per postcard.

No doubt there are some political virtues in fooling the people with cheap service. But we aren't so sure you can fool them forever. The story of the nickel subway suggests the Senators are shying at shadows.

## PEPPER...and Salt

Born New Yorker  
Who says the natives never view  
The sights that all the tourists do?  
Why, I've explored old China-town  
(When that Frenchman took me down)  
I've been out to look at Coney  
(With my little cousin Joanie).  
Round Manhattan I have sailed  
(Or else Junior would have failed).  
Why, next week (with Auntie Kate)  
I might do the Empire State!  
—J. L. O'Neill.

Getting Technical  
An ex-shavetail, given a not too important job in the Pentagon, was very proud of his position and lost no opportunity to mention to his friends that he was now working on "Operation So-and-So" or "Operation Such-and-Such."  
Then he got married, and at the wedding reception his bride was overheard asking him, "Look, darling, please do me a favor and stop referring to our marriage as Operation Perpetuation."

Washed Out  
An elderly farmer who lived alone always made it a point to learn some personal history about wayfarers to whom he gave free meals. One noon he was feeding a tattered gent of the road and asked him what he had done in the past.



"You may not think it," replied the guest, "but I've seen more prosperous times in my life."  
"Tell me about it," encouraged the farmer.  
"Well," said the man between gulps of coffee, "there was a time when I managed a laundry."  
"What happened to your laundry?" asked the farmer.  
The knight of the road got a faraway look in his eyes as his mind journeyed back to the past, and then he replied slowly:  
"She walked out on me."  
Candid Comment  
Most men don't find out until it's too late that few girls ever surrender unconditionally.

Letters  
To the Editor

## Paying for College

Editor, The Wall Street Journal:  
Congressman Carl Elliott must be oblivious of the obvious (letter, Aug. 23). Would he say that increasing taxes would not keep many young people from continuing their education? Of course it would, just as decreasing taxes would encourage and make it possible for many parents to permit their adolescent offspring to continue with higher education.

To the degree that a desirable action is made harder to do, fewer will do it; and to the degree that a desirable action is made easier, more will do it. It should be obvious that if parents could spend the money they earn as they choose to spend it, instead of paying so much of it to Uncle Sam, they would use more of it for higher education for their children.

But apparently Congressman Elliott does not think we parents are intelligent enough to spend our own earnings as he thinks they should be spent.

PAUL O. DITTMAR

Harvey, Ill.

## Depressing Effect

Editor, The Wall Street Journal:  
Your article entitled "Wall Street Woe" (Aug. 28) is the cheapest and most degrading article I have ever seen and entirely uncalled for. For a paper which lives off of the financial business it is surprising as it cannot help but have a depressing effect on security holders.

MONROE A. WEIANT

New York City

## Brokerage Fees

Editor, The Wall Street Journal:  
An exceedingly interesting and newsworthy discussion was written by Mr. Lee Silverman, a staff reporter of The Wall Street Journal, under the caption "Wall Street Woe" (Aug. 28).

The article contained the following:  
"Let it be hastily noted that the business slow-down so far has shoved only a few small firms into serious financial straits. But most firms report slower sales—coupled with a continued squeeze on profits."

"What are they doing about it? For one thing, they're considering the first increase since 1953 in commissions—the fees they charge customers for buying and selling securities."

To the writer, it seems that increasing commissions to those doing business does not and will not solve the problem because increasing the charges will tend to stop people from buying and selling stock. It seems strange that whenever there is a slight decrease in net profits the heads of organizations believe that the only remedy is to increase prices. Fortunately or unfortunately, this increase in rates does not solve this situation because people buying and selling the shares sometimes consider the charges to be applied. The rates may go up but if the transactions go down in numbers then the net result may be less than before. The brokerage houses should consider that their business is of a different nature than that of a public utility. A public utility, as we know, can increase its charges without losing any business.

HARRY R. BAKER

Hoboken, N. J.

## Honest Banks

Editor, The Wall Street Journal:  
In your usually excellent first-page column, "The Outlook," I find (Aug. 19) the statement that "Though bankers may argue they are forced into higher rates by circumstances largely beyond their control, they have a tough job convincing the public that the profit motive doesn't bulk large behind such upward thrusts in the price of money."

This obviously suggests that in banking the profit motive is inconsistent with "economic forces"; it says that if there is some profit motive a bank can't claim that the forces of demand and supply make a rise in interest rates necessary.

But the fact is that largely uncontrollable "circumstances" tend to control bank revenue, expense, interest rates and profits all at the same time. The hope of profits, and the necessity of paying interest to those who invest in bank stocks are just part of the "circumstances."

Moreover, the banks don't try to "convince the public" that they have no profit motive. Everybody knows they do. Why shouldn't they? (Why the words, "have a tough job"?)

This motive is a part of what keeps our honest banks from making unbound (unprofitable) loans. It is the desire for profits that makes them lend the largest possible amount of credit they can without loss. Also it is the main force limiting loans to productive purposes.

Surely The Wall Street Journal doesn't want government banking!

LOUIS HANEY

Port Washington, N. Y.

## Taxes, Too

Editor, The Wall Street Journal:  
In the very interesting article "The Deadly Enemy" (Aug. 19), did not Mr. Martin omit one of the very important causes of inflation—all taxes. Federal, state and local on production and distribution of commodities. Are not all such taxes with increments added to prices paid by the consumer of finished products? Will not \$10 taken by the tax collector from the wages of a lumberman in Oregon result in an advance from \$15 to \$25 being added to the price of furniture made therefrom, and bought at retail by a happy young couple in Wyandott, Mich.?

WARREN S. BLAUVELT

Grosse Ile, Mich.

## Note To The Vote

Editor, The Wall Street Journal:  
After digesting the remarks of U. S. Steel chairman, Robert Blough, and his sound and logical explanation of uniform prices, and Senator Kefauver's apparent inability to grasp the meaning of competition, I am wondering if we are not represented in Washington by too many lawyers and too few businessmen.

W. H. THURBERG

Barrington, R. I.

## Senator Proxmire

## Wisconsinite's Career Indicates He Will Give Fair Deal Ideas a Determined Push

BY JOHN WILLIAMS AND RAY VICKER

MILWAUKEE—When Wisconsin's new Democratic Senator-elect was in prep school, he was voted the "most likely to succeed" but the "biggest grind." By his victory in the special election earlier this week, however, William Proxmire demonstrated that the two can be almost synonymous. For his surprise, landslide success followed almost a decade of a steady grind toward major public office.

It would be surprising if this personality trait didn't mark Mr. Proxmire's career in the Senate. "Indefatigable," "devoted," "studious," "stubborn," and "persistent" are a few words that go into the concept of "grind." And the direction in which these traits are likely to be turned is worth some examination.

Mr. Proxmire is definitely in the New Deal-Fair Deal tradition. On such matters as farm price supports, full employment, civil rights, Federal aid to education, aid to small business and foreign policy he goes right down the liberal Democratic line. As for big business, it is, in Mr. Proxmire's world, the demon responsible for a large share of the country's ills.

The Senator-elect can be described also as "pro-labor." But he has been credited with being somewhat of an individualist here as compared with most politicians of his general persuasion.

He has not been an "organization" man. For example, he has balked at endorsing labor platforms in toto and has gotten into hot water with Wisconsin labor union leaders as a result. These union chieftains also wanted to be consulted on his candidacy, but Mr. Proxmire announced for Senator without such consultation. However, in the closing days of the campaign, when Mr. Proxmire was convinced the "labor vote" would be decisive, he was meeting privately with some of the labor leaders.

Views on Agriculture  
On farm matters—and his views may win prominence soon—Mr. Proxmire says: "The farmer's plight is serious. Drastic measures are necessary to reverse the sharp and prolonged drop in income that threatens our family farms." He is for price supports at 100% of parity. He might be termed a 100% anti-Benson man, too, for in his agricultural speeches he often has taken pot shots at the Agriculture Secretary.

A small businessman himself (printing and publishing), Mr. Proxmire sees himself as a champion of that segment of the economy. He criticizes the Administration for "crowding out" the small businessman in letting defense contracts. He claims that of \$50 billion in defense orders let under the Republican Administration, only \$4 billion was let under competitive bidding. So, he concludes that big business naturally got the bulk of the business.

Some of his speeches on small business are gloomy. He declares there have been more failures in the small business field in the last 12 months than in any other 12 months in history. This, asserts Mr. Proxmire, is a "danger signal."

And, he alleges, small business is in trouble because of big business. He scores U. S. Steel for "causing inflation through price increases." He charges the Administration with being big business minded, if not dominated, and is especially critical of what he says is its favoring of high interest rates. He says the Republicans have "shoved up" interest rates to the highest level in 25 years.

On foreign aid, Mr. Proxmire, while apparently favoring it, says the Administration has misused it. He called for the resignation of Secretary of State Dulles for saying he doesn't care whether countries that receive aid like or dislike America. This attitude, says Mr. Proxmire, is proof that billions in aid have been wasted. He thinks the aid dollars can be used to purchase friendship for this country.

Among other major issues, he has come out strongly for Federal aid to education and in favor of a strong "civil rights" bill. On

this latter matter, he has roundly criticized the softer position of his mentor Sen. Kefauver while calling President Eisenhower's position "dead right."

"If the Democratic party is to merit support in the future as the real champion of those who deserve justice, it must fight for the right to vote for those who are today denied it," Mr. Proxmire avers.

A look at the life of William Proxmire underscores the picture of an intelligent man with a slow but relentless approach to winning his goals.

Born on November 11, 1915, in Lake Forest, Ill., he grew up in an over-sized white house with green shutters and a neatly trimmed, fenced lawn in the swanky Chicago suburb.

## A "Loner"

Later, at Hill Preparatory School in Pottsville, Pa., he kept his nose in his books most of the time. He wasn't much of a mixer, and to this day is something of a "loner." "Bill likes to keep people at arm's length," a rather close acquaintance reports. At Yale he won the college boxing championship in the 150-pound division, but it was on the gridiron where he plugged away with typical resolve for a goal he especially cherished—"Y." As a second string end he dropped more passes than he caught, but eked out the football letter his senior year.

Having graduated from Yale in 1938, Mr. Proxmire moved to Harvard's business school, from which he graduated with distinction in 1940. J. P. Morgan & Co. picked him as a good training prospect and he was with this company from September, 1940, to March, 1941.

At that time he enlisted in the Army and was stationed part of the time in Washington, D. C.

While in the capital, Mr. Proxmire reports, his interest in government grew, and by the time he left the service he apparently was seriously considering the political life.

He returned to Harvard in 1946, this time going to Harvard's School of Public Administration. He got a Master's Degree and taught, for a year, a freshman class of comparative government and political theory while working on a doctorate. But he never wrote his dissertation. Instead he started writing letters to various liberal newspapers across the country, with his typically searching, thorough questions, aimed at finding the area of greatest opportunity for an aspiring young politico.

## Off and Running

He narrowed his search to New Mexico, California and Wisconsin. He finally chose the latter, and as an entering wedge went to the office of the liberal Madison Capital Times in 1949 and sought a job as a reporter. After a rather brief newspaper career during which he made some political contacts he left the Capital Times to run a "Union Labor News" program in Madison.

Having thus also made himself known to labor union people, he left his radio job for his first fling at public office. He ran for the state assembly to which he was elected for the usual two-year term for the 1951-52 session.

Then, in 1952, he made a bid for bigger things, running for the governorship against Walter J. Kohler, Jr., the man he defeated this week for Senator. That first time, however, Mr. Kohler was the one who could claim a landslide.

Ever since, William Proxmire has been campaigning for some office or other, quietly shaking hands, cementing his fences and pressing on toward his goals when even his friends said he was all but finished. In 1954 he ran for governor again, but Mr. Kohler defeated him again. Then in 1956, the current governor, Republican Vernon W. Thompson, trimmed Bill Proxmire again.

Obviously the Democrats if the Senate will find they have acquired a determined colleague and the Republicans a tough competitor.

## Who's News

## Personnel Notes—Management—

## Commerce and Industry

Medusa Portland Cement Co. (Cleveland)—Elmore L. Andrews, senior partner of the Cleveland law firm of Thompson, Hines & Flory, was elected a director.

Campbell Soup Co. (Camden, N. J.)—Oscar H. Curry was named vice president, administrative planning. C. Roger Stegmayer succeeds Mr. Curry as comptroller.

M. A. Hanna Co. (Cleveland)—George M. Humphrey, chairman of National Steel Corp., was elected a director. Mr. Humphrey, who retired as Secretary of the Treasury July 29, was chairman of M. A. Hanna, coal and iron ore operators, until December, 1952, when he resigned to take the Cabinet post.

Boston & Maine Railroad (Boston)—Stanley G. Phillips was appointed vice president, engineering.

Nashua Corp. (Nashua, N. H.)—James R.

Carter was elected president and chief executive officer of this maker of paper products, succeeding Robert A. Brown, who was elected chairman. Robert H. Prew was elected executive vice president.

International Telephone & Telegraph (New York)—Major General C. Rodney Smith will join the company as a vice president upon retiring from the Army, effective tomorrow.

Celanese Corp. of America (New York)—James R. Kennedy was appointed vice president, industrial relations. He succeeds Edward R. Allan who recently retired.

## Finance

Gulf Life Insurance Co. (Jacksonville)—S. Kendrick Guernsey, formerly president, was elected chairman. M. Stanley Niehaus was named president.

American President  
Line to Build 2 New  
\$14 Million FreightersPostpones Construction of Two  
Passenger-Cargo Vessels Slated  
To Begin This Year

By a WALL STREET JOURNAL Staff Reporter

SAN FRANCISCO—American President Lines announced it will build two improved \$14 million Mariner-type freighters and is delaying construction of two passenger-cargo vessels previously planned for this year.

President George Killian said construction will be undertaken at once as a result of current world trade developments. Need for a strong American freight service to strategic areas on the line's round-the-world route has made it necessary to complete its fast freighter fleet as soon as possible, Mr. Killian stated.

The steamship line will ask for bids in September, and plans to have the two ships under construction contracts by the end of the

year. As a result the two 120-passenger combination ships the President Lincoln and President Roosevelt, scheduled for construction beginning November 30, have been delayed for later construction. Final decision on these two vessels will be made in June, 1959, Mr. Killian said.

The two cargo liners are to enter service during the first half of 1960. They will raise A.P.L.'s fast freighter fleet to eight ships. The two new vessels will be 564 feet long, carry 12 passengers and cruise at 20½ knots. Modern hatch arrangements will allow fast unloading at all ports American President ships now serve, the company said. The ships will be designed to carry dry refrigerated or liquid cargo.

The San Francisco-based line announced also it is continuing the planning and designing of a new super passenger liner for the California-to-Orient trade. The Federal Government has scheduled construction of this vessel for 1958, the line said. It is part of American President Line's \$325 million ship building program.

## Canadian Coal Output

OTTAWA—Coal production in Canada dropped 18½ in July to 700,000 tons from 854,554 tons a year earlier, according to preliminary Bureau of Statistics figures.

Reading  
for Pleasure

## Exurban Lampoon

Recent literary explorations—serious and quasi-serious—into the mores and folkways of exurban life have converted Westchester and Fairfield Counties into veritable sociological laboratories.

P.T.A. activities, lawn-care, Little League baseball and other problems confronting these burgeoning communities have been examined and catalogued by diverse writers. Though the locales covered have been restricted to small areas of New York and Connecticut, the findings can be readily applied to life in Beverly Hills, Shaker Heights, or Evanston.

For the reader who prefers his sociology leavened with liberal doses of humor, a new study is now at hand: Max Shulman's "Rally Round the Flag, Boys!" If you have ever been distressed by DeVoto or rankled by Reisman, Shulman's rousing lampoon on life in a commuting village is your dish. Mr. Shulman, easily one of the funniest writers of the day, chooses Putnam's Landing, Conn., as the not so mythical town for the scene of his novel.

Like other towns in this area, Mr. Shulman explains, Putnam's Landing shows "three distinct social categories, vertically divided. First, there are the Yankees, descendants of the original settlers and still the wielders of power. Second, there are the Italians—who initially came into Fairfield County as track layers for the New Haven Railroad and remained to become storekeepers, artisans, mechanics, etc. Third there are the New York commuters, also called the lambs, or the pigeons or the pascals."

Adroitness at spotting his subject's vulnerability is essential for the satirist; if the subject has history and respectability, so much the better. The New England Town Meeting—certainly one of our more sacrosanct institutions—is handsily treated in one of Shulman's best chapters.

Among those representing the vertical strata of Putnam's Landing, at the town meeting to discuss the controversial garbage disposal problem was Vittorio di Maggio, who once reflected, "Town Meeting, it's like opera. First one fella sings arias, then another fella sticks a knife in his back." Also present was George Melvin, the real estate dealer whose talents at fancy nomenclature enabled him to unload difficult sites to commuters.

Thus "Powderhorn Hill" was formerly a swamp, "Flintlock Ridge" was 40 acres of salt meadow, his boldest stroke was "Upper Meadow"—formerly a gravel pit. All of these developments sold with dispatch after their rechristenings.

Spokesman for the commuters' group was Betty O'Sheel, "a stolid, modest matron of 34, who had never expected to reach such heights in politics. . . . For weeks her husband and two infant daughters lived on Spam and made their own beds while Betty had pored over United States Public Health Service bulletins on the disposal of putrescible and non-putrescible wastes."

The Moderator of the meeting was a sort of hybrid—"a Yankee who commuted." You will discover that Mr. Shulman has not overlooked many of the personalities who contribute to this laboratory of democracy. As an intelligent humorist, the author does not deprecate our activities; he simply suggests that we begin to look a little sillier when we take ourselves too seriously.

The townspeople's reaction to a U. S. Army decision establishing a guided missile base in Putnam's Landing provides the novel with what there is in the way of a basic plot. Startled by the news of the impending Army invasion, the town leaders shelve their current dispute over the garbage issue and unite in a resistance campaign against the Nike base.

Mr. Shulman's talent for character analysis provides his book with some of its best moments. Here he is introducing Grady Metcalf, the town's leading juvenile delinquent: "Grady was not the lean, hard Sal Mineo type. He was more on the well-fed, spongy side. The tenement that spawned him was a \$40,000 ranch house on two well-kept acres, and the sight of a switchblade would have put him in shock. . . . A boy was no longer excluded from the glamorous ranks of the delinquents simply because he had the rotten luck not to be born in a slum; all he had to do was look as though he had."

As he unravels his story in episodic bursts, Mr. Shulman is immensely engaging; despite the sharp caricatures and slapstick comedy that characterize his work, there is also evident a warmth and affection for the people who come under his scalpel. And it is this quality of sympathy and understanding that distinguishes "Rally Round the Flag, Boys!"

—CHARLES PRESTON

Rally Round the Flag, Boys? By Max Shulman. New York: Doubleday, \$1.50.

## Soft Coal Output Rose

WASHINGTON—Soft coal production climbed to about 9,875,000 tons in the week ended August 24 from 9,600,000 tons the week before, the National Coal Association estimated. A year earlier, output totaled 9,829,000 tons.

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# Longines to Offer Movie Camera that Converts Into a Film Projector

Item Will Retail at \$159.50, Is Firm's First Product Outside Watch Field

By a WALL STREET JOURNAL Staff Reporter  
NEW YORK — Longines-Wittnauer Watch Co. unveiled an eight millimeter motion picture camera that converts into its own projector in less than 30 seconds.

The camera-projector combination, Longines first activity outside the watch field, will go on the market in November at a retail price of \$159.50.

One of the sales outlets, the company said, would be jewelers' stores that have handled other Longines-Wittnauer products in the past. The company said it would also market a line of 15 or 18 still model cameras, which will range in price from \$14.95 to \$159.50.

The movie camera's design was guided by

the results of a five-year market research study and emphasizes simplicity of operation. The company said the camera is designed so the user doesn't have to worry about keeping it wound up. In the new model it's done by electricity furnished by three flashlight batteries.

A safety signal monitor is built into the camera to let the photographer know when his batteries are running down. The monitor, a gas filled light bulb placed in the view finder, lights up each time the user presses the button that sets the film in motion if the batteries are well charged. But as they near a level too weak to run the camera, the light blinks off, letting the photographer know that it is time to replace the batteries.

The camera converts into a projector by placing it on top of a specially-made base and tightening it in place with a set screw. A cord from the base connects directly to normal electrical outlets to provide power for the projector and houses a fan to cool the projector bulb built into the camera.

A push button releases the side of the camera and lifting the arms to hold the tape spools trips other mechanisms in the machine completing the conversion. Reversing the process readies the unit for picture taking again.

# Washington at Work

## Congress

**Anti-Dumping:** The House passed and sent to the Senate a bill to strengthen enforcement provision of the anti-dumping law, which is designed to prevent foreign producers from injuring domestic industries by "dumping" under-priced goods on the U. S. market.

## Bureaus

**Housing:** The Federal Housing Administration reported July applications for proposed homes under its insurance program totaled 18,387 in July, up from 16,427 the month before and 16,890 a year earlier.

**Industry Growth:** The Commerce Department announced publication of the first of a new series of reports on "growth industries," based on employment in various fields during the 1947-54 period. Copies may be obtained for 10 cents each from the Department of Commerce, Washington 25, D. C.

**Atomic Research:** The Atomic Energy Commission said it plans to issue a 20-year license to the U. S. Naval Hospital, Bethesda, Md., to acquire and operate a low-power research

reactor for use in medical research, the production of radioisotopes and the training of personnel.

**Power Loan:** The Export-Import Bank gave American & Foreign Power Co., Inc., a \$25 million credit to help finance expansion of electric generating capacity in seven Latin American countries. The bank said Metropolitan Life Insurance Co. is lending another \$25 million and other private investors are putting up \$2.2 million.

**Reorganization:** House - Senate conferees worked out a compromise bill that would extend for two years the President's authority

to submit plans to Congress on reorganizing Federal agencies. The measure would allow either House to reject such a plan by a simple majority vote.

**Nuclear License:** The Atomic Energy Commission announced it will issue a license to the University of Michigan to operate a 3,000-kilowatt research reactor.

**Cook Electric Gets Navy Contract**  
CHICAGO—Cook Electric Co. said it has been awarded a one-year contract exceeding \$22,250,000 calling for design and construction of a missile range instrumentation system for the Navy.

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SALES ACCOUNTING SUPERVISOR  
Must have administrative experience in sales accounting or general accounting.  
Applicants for either position must have college degree, 3 to 5 years industrial accounting experience and be familiar with IBM applications.  
Send resume stating present salary & salary requirements.  
BOX E-71, THE WALL STREET JOURNAL

**POSITIONS AVAILABLE—MALE**

**SALES MANAGER WANTED**  
Large Eastern Food Packer in need of National Sales Manager to handle complete sales of canned and frozen foods, concentrated and bottled juices, maraschino cherries and allied items. We have in mind a large expansion program and our goal is the doubling of our present sales volume. Duties would be to cover brokers and sales agents and act as Assistant to President.  
Write stating age, references, qualifications & salary desired.  
BOX D-219, THE WALL STREET JOURNAL

**POSITIONS AVAILABLE—MALE**

**EXPERIENCED CAPITAL FUND RAISING DIRECTORS AND TRAINEES**  
If you have experience in directing fund raising campaigns for hospitals, churches, schools, etc., there is a career for you with a top international firm. Qualified men will find employment benefits of this dynamic established organization tied directly to their ability. Ability to travel anywhere for sustained periods essential as are intelligence, appearance, dignified aggressiveness and physical well being. Age limits 25-35. Limited number of positions for fund raising trainees open for men with small or no experience in field. Qualifications basically those listed above, but prefer college graduates with background in sales, personnel, newspaper or general administration.  
BOX C-161, THE WALL STREET JOURNAL

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To \$75  
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**POSITIONS WANTED—MALE**

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BOX D-256, The Wall Street Journal

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BOX E-52, The Wall Street Journal

**POSITIONS WANTED—MALE**

**APPLIANCE SALES AND MARKETING PROBLEM**  
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If I can help you will, exchange references for job or stock in your business. Replies confidential.  
BOX E-46, Wall Street Journal

**EXPERIENCED EXECUTIVE, FOREIGN MARKETING & MERCHANDISING**—11 yrs proven exp well known consumer goods mfr in highly competitive field. Strong Ind Distrib & Cons relations. Fluent English, German, Dutch & French. (Univ of Rotterdam, applied econ. Married. Will travel or relocate. Seeks challenge leading to sales work. Full salary, all traveling expenses, and office furnished. Available interview with interested principals wk of Sep 2. Phone JU 2-2800, ext. 402 or write.  
BOX C-198, The Wall Street Journal

**WANTED**  
Chemical plant in operation. Have client who will invest \$150,000 in going business. Submit details to Ray C. Herb.  
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BOX D-223, The Wall Street Journal

**Electrical Sales Representative and Manufacturers Representative** covering Northeast calling on O.E.M.'s. Substantial large industrial volume. Like 1 or 3 more lines of heavy electrical equipment for exclusive representation.  
BOX D-245, The Wall Street Journal

**Business man—metal and chemical specialist** leaving for England, Europe and Middle East in October. Interested in import-export — will execute commissions & represent American firms. References.  
BOX E-50, The Wall Street Journal

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BOX E-70, The Wall Street Journal

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BOX E-70, The Wall Street Journal

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The Wall Street Journal

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**1957 SUPER CUSTOM TWIN APACHE**  
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BOX C-157, The Wall Street Journal

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## Texas Town Claims It's Better Than Ever After Repairing Last May's Flood Damage

By a WALL STREET JOURNAL Staff Reporter  
LAMPASAS, Texas—Things are looking up in this central Texas county seat: Brothers Albert and George Culver have replaced their worn, dark-stained hardware store display racks and counters with modern, bleached oak models. New and sparkling fluorescent lighting fixtures illuminate the store's spanking new stock.

Through the gleaming plate glass and aluminum front M. M. Mullican's dry goods store shoppers are seeing a lower ceiling and new colorful curtain walls around the display racks that have just been installed.

Down the street, the mortar and pestle window displays which, along with the iron wire chairs and tables, had become a trademark of C. D. Fretwell's drug store have disappeared. In their stead are shiny white counters, pastel-painted walls and neatly placed merchandise in brightly-lighted windows.

Changes Date to May 12  
Lampasas townsfolk, something like 5,000 of them, are mighty proud of such significant changes taking place in the stores surrounding the court house square. Stop them on the street and they'll tell you the town is better and more attractive than ever. And then they'll begin telling you about "the night." For it is from the night of May 12 that Lampasas has come back, the night that tons of surging flood waters from nearby Sulphur and Burleson creeks swirled across the square and left lambasted, soaked and silted streets and stores.

Now, with some 90% of the business section rejuvenated and some \$5 million in flood damages largely rectified, most of the town is looking at the bright side of the coin. Says Van D. Gillen, vice president of the First National Bank, for example: "The flood gave the town a chance to do some modernization that otherwise would not have been possible. We've traded old fashioned stores for streamlined ones. Really, it's been sort of like building a new shopping center."

Today and tomorrow accolades quite certainly will be drifting around the square almost as deep as the water of May 12 as the merchants and town officials stage a community-wide open house. The guest list includes Texas Gov. Price Daniel, who termed the flood "the worst disaster I've ever seen," as well as mayors of nearly 100 towns who sent Lampasas aid even before it could begin tallying the damages from its drenching.

Lampasas merchants, however, will be paying particular attention to the thousands of farmers and sheep growers in five-county area for which the town has been a trading center. They hope to lure these folks, now expecting good crops after years of drought, back to their stores from such towns as Killen, Goldthwaite and Sanaba.

Lampasas merchants figure the flood cost them at least another \$1 million in sales while they've been rebuilding, so they expect to be handling out some \$10,000 in prize merchandise

these two days in their drive to recover their customers.

For many of the town's merchants, getting their stores back in shape was a rough and costly business. Some turned to the Small Business Administration for assistance, other to the local banks and several financed the job out of savings.

In re-building, some merchants have expanded. K. C. Pritchett, bushy-haired manager of Mott's Variety Store, says he's doubled his previous display area to 80 by 200 feet by moving storage to the basement. "We're as modern now as any store in our chain," he says proudly.

Besides the financing help received from local banks and the S.B.A., which so far has approved 73 of 80 applications for help for a total of \$600,000 in loans, nearly all the merchants extol the assistance of their suppliers. Food Market, recalls, for example, that "the makers of Folger's coffee merely asked how much coffee I usually had on hand, added 10% more to that and gave it all to us without charge. Our canned goods wholesalers added 10% to 20% to our orders without charge. That and a \$20,000 loan from the S.B.A. put us back in business."

Slight and bespectacled G. C. Barnett, owner of a jewelry store which he has brightened and refurnished at a cost of \$35,000, says, "The suppliers I've been taking from the last 24 years have been wonderful. They have given me all the credit I need without asking any questions about when I'll be able to repay." His big problem, he says, is getting re-stocked on all the small items that were lost in the flood.

Group Helped by Flood  
Actually, the work of one group of Lampasas businessmen—as a group—got a lift from the disaster. This was a committee organized prior to the flood, to encourage industrial development and modernization of the community. Headed by Ward Lowe, editor of the Weekly Lampasas Dispatch, it grabbed the initiative after the waters receded and has spark-plugged the recovery effort.

"It was a matter of getting to work or just let the town die," recounts stocky Mr. Lowe, whose six years in the town makes him a comparative newcomer. "It's amazing, that not a single one of the merchants gave up and moved out."

A bit of news from Washington last week brought some grim satisfaction to this group and the town generally. It was to the effect that Congress has approved a flood control program for Sulphur and Burleson creeks to cost in excess of \$1,250,000. The dams provided in the program would have sharply curtailed the May damage.

"Actually, probably you could call it one of those chickens or the egg situations," commented one merchant dryly. "If we hadn't had the flood, we probably wouldn't have had the control project now either."

## Business Milestones

### Burlington Industries Buys Seven Mills From Martel, Henrietta Firms

By a WALL STREET JOURNAL Staff Reporter  
NEW YORK—Burlington Industries, Inc., Greensboro, N. C., large textile manufacturer has purchased for an undisclosed amount the seven mills of Martel Mills Corp. and Henrietta Mills, J. Spencer Love, Burlington president said.

Purchased were four plants in the Martel group and three plants in the Henrietta group, all in North and South Carolina. The Martel plants are at Asheville, N. C., and at Batesburg, Lexington and Spartanburg, S. C. The Henrietta properties are at Caroleen and Henrietta, N. C., and Cherokee Falls, S. C.

The seven cotton mills have a total of over 6,300 looms and almost 213,000 spindles. For the fiscal year ended September 29, 1956, Martel reported sales of \$18,000,975, and profit of \$651,589 while Henrietta has sales of \$16,027,927, and a profit of \$1,140,384.

Burlington reported sales of \$636,384,771, and net income from operations of \$15,264,780, in the fiscal year ended September 29, 1956.

### Pennsalt Chemicals Plans To Form Canadian Subsidiary

PHILADELPHIA—Pennsalt Chemicals Corp. announced it plans to form a wholly-owned Canadian subsidiary and said it currently is negotiating for a site in eastern Canada where it expects to have manufacturing and warehousing facilities put by the end of the year.

Neither the exact location of the site nor the cost and size of the projected facilities were disclosed, however.

Pennsalt said the new subsidiary will be known as Pennsalt Chemicals of Canada, Ltd., and will take the burden of the firm's 15 U. S. plants which have been supplying the Canadian market.

William P. Drake, president, stated that "through this new subsidiary, Pennsalt will be able to provide improved customer service for

its expanding chemical specialties markets in Canada."

The firm named William B. Billingsley vice president and resident manager of operations of the new subsidiary.

### North American Aluminum Buys U. S. Hoffman Unit

NEW YORK—The physical assets of Rexart Metal Industries, Inc., a subsidiary of U. S. Hoffman Machinery Corp., have been sold to North American Aluminum Corp. of Whitehouse, Queens, said S. B. Raduns, president of North American.

Mr. Raduns said North American bought the plant and machinery of the Whitehouse aluminum furniture company for a price "in excess of \$1 million." North American paid "about 10% down" and will pay the remainder over a period of years, he added.

North American will continue producing the lightweight outdoor furniture under its present trade name, Compacto, Mr. Raduns said.

### Timken to Expand

CANTON, Ohio—Timken Roller Bearing Co. has appropriated \$500,000 to install a vacuum electric furnace adjacent to its melt shop building.

Capacity of the new furnace will be 5 million pounds a year or approximately 200 tons a month, John Flick, vice president of the company's steel and tube division, said.

The new vacuum furnace will produce a cleaner, stronger steel with very high fatigue strength, and ductility, he said. Steel produced in the unit will make it possible to melt improved quality steel in sufficient quantity for use in higher stressed bearing applications.

Construction will require from eight to nine months, with June 1, 1958, set as the target date for completion.

told a distributors meeting here. "Further, the launching of the 1958 major appliance line coincides with the launching of a new and more explicit wholesale distribution attitude on the part of Westinghouse," he said. "Each of our major appliance distributors, whether independent or factory branch, is totally responsible for Westinghouse major appliance operations in his area."

"The factory's role, in this new attitude, is confined to policy guidance, promotion development, national advertising and product design and production," Mr. Anderson continued. "Each distributor is charged with securing the proper Westinghouse share of appliance business volume in his market and he has full command of all marketing tools, including suggested pricing."

### Westinghouse to Let Appliance Distributors Set Suggested Prices

Other Makers Follow Similar Policy;  
Previously, Factory Issued Proposed Tags on Major Items

By a WALL STREET JOURNAL Staff Reporter  
COLUMBUS, Ohio—Westinghouse Electric Corp. announced a new policy under which distributors of its major appliances will set suggested list prices for the 1958 line of these products. Previously list prices have been suggested by the factory.

Other large appliance manufacturers, including General Electric Co., have been following a similar policy the past few years.

"This is a realistic approach to today's market conditions," John J. Anderson, manager of Westinghouse's major appliance division,

## THE REAL ESTATE CORNER

NEW YORK  
**WATERFRONT LOTS**  
**MAGNIFICENT NEW LAKE RESORT**  
**TACONIC SHORES**  
COPAKE, NEW YORK  
BEAUTIFUL PROPERTY — PRIVATE — RESTRICTED  
DRIVE OUT AND INSPECT THIS NEW LAKE RESORT . . .  
TACONIC PKWY TO ROUTE 199 — RIGHT ON RTE 199 — FOLLOW ARROWS  
WRITE FOR BROCHURE  
TACONIC SHORES, INC. PO BOX 9—COPAKE, N.Y.

CALIFORNIA  
SEND NOW FOR  
FREE FACTUAL FOLDER  
CONTAINING COMPLETE  
INFORMATION ABOUT  
**THE CITY OF SUNSHINE  
AND INDUSTRY**  
ANNOUNCING THE  
**PUBLIC SALE**  
BY THE CITY OF NATIONAL CITY  
APPROXIMATELY 65 ACRES OF  
CHOICE, UNDEVELOPED LAND  
(TO BE SOLD)  
**MINIMUM PRICE \$200,000.00**  
**NATIONAL CITY, CALIFORNIA**

LOS ANGELES  
This valuable property consists of approximately 65 acres of choice residential land, adaptable for subdivision into more than 300 distinctive home sites. Real estate developers are urged to investigate this unusual property, located north and east of downtown National City and immediately south of the City of San Diego.  
**BIDS OPENED**  
**OCTOBER 1, 1957**  
2 P.M. before the City Council  
SEND AT ONCE FOR FREE FOLDER  
WRITE: Mr. James Bird  
City Manager  
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National City, California

NEW YORK  
**FOR SALE**  
**INDUSTRIAL PROPERTY**  
**E. Rochester, N. Y.**  
11 bldg. consisting of approx. 32,000 sq. ft. of floor area; 580,000 cubic ft. contents; concrete block, metal lath & stucco construction; 100% sprinklered, tank storage cap. 180,000 gal.; 450 ft. R.R. sidings; 3 1/2 acres of land. Now producing corn, soybeans, cotton, etc. & other vegetable oils.  
Suitable for Warehousing or Manufacturing  
**J. H. POTTER**  
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350 MAIN STREET EAST  
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NEW YORK  
**THE NEW CONCORD VILLAGE APARTMENTS**  
TILLY AND ADAMS STREETS  
OPPOSITE  
15 ACRE WALT WHITMAN PARK  
16-STORY FIREPROOF BUILDINGS  
82% OF PLOT DEVOTED TO LAWNS AND GARDENS  
SEPTEMBER OCCUPANCY  
(A Few Available Immediately)  
2 Room Apts. \$122 — \$137  
3 1/2 Room Apts. \$139 — \$197  
4 1/2 Room Apts. \$166 — \$277  
(some with 2 baths)  
Rents include gas for cooking  
SEE OUR DECORATED MODEL APARTMENTS OPEN DAILY AND SUNDAY 10 AM TO 6 PM  
21-HOUR DOORMAN SERVICE  
Interior House Telephone  
Parking Facilities Available  
PACKAGED CARRIAGE STORAGE  
ROOMS FULLY EQUIPPED  
AUTOMATIC LAUNDRIES  
CONVENIENT TO EVERYTHING  
Independent Subway (High St. Sta.) entrance on grounds.  
BMT. East and West Side IRT Boro Hall Stations nearby.  
Shopping right on premises  
Russett, A. & S. Martins — just moments away.  
RENTING AGENT  
**BROWN, HARRIS, STEVENS, INC.**  
RENTING OFFICES  
195 Adams St., Brooklyn  
(in Concord Village)  
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TISHMAN REALTY & CONST. CO.  
Owners and Builders Since 1908

LUXURY RANCH TYPE HOME  
on lakefront, private beach, good bathing, fishing, beautiful landscaped, 4 bedrooms, large living room & fireplace, 2 1/2 baths, colored tile Hollywood tub, oil heating air cooled, 2 car heated garage with storage, dressing room & shower, under ground automatic lawn & shrub sprinkler system, private driveway, screened porch, Price \$40,000. Terms: Principals only. Owners: H. D. Davis, Lake Park, N.Y., phone 427, Wading River, N.Y., phone 427, Wading River 9-4451.

FLORIDA  
**TEQUESTA**  
on the Loxahatchee  
JUPITER INLET BEACH COLONY, INC. presents  
TEQUESTA—a secluded country club community between Hobe Sound and Palm Beach near Jupiter Island, on Florida's climatically ideal East Coast.  
Private homesites border the fairways of an 18 hole championship "Dick Wilson" golf course and more than two miles of natural, high Loxahatchee River frontage. Present investment prices offer a unique opportunity to golfers seeking modest, country club living in Florida.  
Dow Flinterwald, Professional  
**WRITE FOR BROCHURE "E"**  
**TEQUESTA, INC.** Jupiter, Florida

MASSACHUSETTS  
**HINGHAM**  
A most unusually attractive architect designed large roomed rambling Cape Cod built in 1911, 2 car attached garage and 3,000 sq. ft. in a neighborhood of comparative properties. A central hall way, long living room (f.p.) dining room and screened porch, up to the minute all electric kitchen. Guest suite with bath on the first floor. Second floor has master's room and two tiled bath. Two other bedrooms and another tiled bath. Price \$37,500.  
A transferred owner makes this property suddenly available for early occupancy. Garrison Colonial of six rooms, large living room (f.p.) dining room, all electric kitchen, tiled lavatory, breakfast room and attached 2 car garage, 5 bedrooms and tiled bathroom. Large corner lot. Price \$24,000. Many other interesting properties available in Hingham and Cohasset on the South Shore.  
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Realtors  
170 North St., Hingham, Mass.  
Tel: Hingham 6-1431

NEW YORK  
**HISTORIC STONE**  
BUILT THE YEAR  
George Washington was born  
3 rooms with 2 1/2 comfortable baths, 3 large fireplaces, wide floors, picture gallery, beamed ceilings, center hall Dutch doors, formal patio garden. Good repair—newly decorated interior. Beautiful panelling and Dutch tile. Stable, 4-car garage, workshop. This unusual property affords a good view, and its 12 acres with large shade trees are tastefully dotted with shrubbery and gardens.  
Extreme family circumstances make this available at \$25,000. Terms: Brokers Protected.  
**SHAWMUCK REALTY CO.**  
Exclusive N.Y. for all areas  
286 Wall St.  
Tel: 1-1900

CONNECTICUT  
**DARLEN—WEST NORWALK**  
ARMA  
**IMMEDIATE OCCUPANCY**  
CUSTOM BUILT DUTCH COLONIAL  
Beautifully landscaped. Peaceful woodland setting. 2-acre Triple A residential area. Easy commuting. 5 min. Darien station. Near parkway. New Canaan shopping.  
Entrance hall, large living room, picture window, fireplace, walnut paneled library, paneled sun room viewing garden and woods, 4 bedrooms (sun deck off master), 4 baths, all electric kitchen, separate service entrance. 2-car attached garage. Low taxes. Quick sale. Asking \$37,500.  
Phone owner MORNINGS: Volunteer 6-3900.  
Box C-177, The Wall Street Journal

NEW YORK  
**CHAPPAQUA**  
SEE THIS PROMPTLY  
Owner moved offers real bargain. Colonial residence including entrance hall, living room, dining room, library, large sun room, streamlined (kitchen) room, kitchen, 5 lovely bedrooms, 3 deluxe baths, 2 servants' rooms and bath, 3-car garage, 4 1/2 beautiful acres including magnificent trees, gardens, flower orchard, attractive brook. A asking \$65,000.  
**GEORGE HOWE, INC.**  
Suburban and Country Properties  
30 King St., Chappaqua  
Tel: 1-1400

NEW YORK  
**TOWN OF EASTCHESTER**  
Westchester County, N. Y.  
Offers for sale the 5-acre business property on White Plains Road opposite Dept. Store. Written inquiries invited from prominent companies interested in erecting a Westchester County office building or comparable structure.  
Real Estate Advisory Committee  
Town Hall

NEW YORK  
**GLEN COVE, L. I.**  
15,000 sq. ft. on 2 floors suitable for assembling or light manufacturing. Excellent condition. Offered for sale at \$125,000. For lease at \$10,000 per year.  
**SILAS GOLDBERG & SON, INC.**  
25 GLEN ST. GLEN COVE, L. I.  
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**NEEDED**  
LAND SYNDICATE  
Prepare to act at once on qtr. million acreage. Financially qualified. Write Box 441, Southampton, N. Y. for full details to discuss proposition.

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**ROSLYN (OLD NORGATE)**  
BEAUTIFUL COMMUNITY  
Charming Colonial ranch, custom built, slate roof, 3 bedrooms, 2 baths, wall to wall carpeting, drapes, finished recreation room furnished with bar, cabaret size piano, extra large washing machine, 2 patios, 2 car garage, \$36,900. Owner Mayfair 1-2068 (N.Y.).  
**CHOICE BUILDING ACREAGE**  
35 acres, Scarsdale, school district #2. Situated between 2 golf courses. Call (N.Y.) Bowling Green 9-3419 or write  
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**NEW CANAAN & VICINITY**  
OPEN TO OFFER  
TRANSFERRED! having just completed beautiful remodeling job. Handsome country kitchen with fireplace. House completely redecorated. 4 bedrooms, 3 1/2 baths, \$30,000. mig. available. New Canaan commuting. Asking \$42,500.  
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Living Rm. 20x20, Library, Dining Rm., Huge Foyer, Kitchen, Guest Rm., 2nd Servicing Pantry, 10 Terrace, Master Bedrm., 2 Baths. \$255 month.  
Also available — wall to wall carpeting & draperies, practically new.  
This arrangement could be changed to 4 bedrooms.  
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100 acres on county road 25 miles via a lane highway to N. Y. View across lake, immediate delivery. Title guaranteed.  
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COUNTRIES  
Here you save dollars, but it could be Drachmas. Thermobloc, the world's largest selling industrial space heater, is sold in every major country. Thermobloc means safe, clean, automatic heat for commercial and industrial buildings of all types. Send for the full story on this heater that pays dividends every time it's used. Gas or oil fired. Underwriters Laboratories listed. Ask for Bulletin QC-4-53.  
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Can be put to work by selling  
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# Business Loans by New York Banks Fell \$150 Million in Latest Week

## Reserve Added \$314.1 Million Treasury Bills to Holdings, Most It Bought Since June

By WALL STREET JOURNAL Staff Reporter

NEW YORK—Business loans on the books of New York City's principal banks declined \$150 million in the week ended Wednesday.

This contra-seasonal drop, for which banking authorities had no ready explanation, contrasted with a \$163 million increase in the previous week and a \$60 million rise in the like week of 1956.

Since mid-year, business loans at the 17 New York City banks which report to the New York Federal Reserve Bank have dropped \$316 million, compared with an increase of \$194 million in the like period last year.

The total of such loans on the books on Wednesday was \$11,794,000,000, about \$1.4 billion more than a year ago.

Treasury Bill Purchases

To relieve pressure on the country's banks resulting from U. S. Treasury financing, the Federal Reserve System in the Treasury bills week raised its holdings of Treasury bills by \$314.1 million, its heaviest purchases of Treasury bills since June. Net purchases consisted of \$278.5 million bought outright and \$35.6 million under repurchase agreements, which bind the seller to buy them back after a short time.

On a daily average basis, bill holdings went up \$186 million—\$181 million in outright purchases and \$5 million under repurchase agreements.

Bill purchases by the Federal Reserve pump money into the banks, as the sellers deposit their bank accounts the checks they receive in payment from the Federal Reserve.

The bill purchases helped to ease the impact on the banks of higher reserve requirements created by Treasury financing. Money paid the Government for newly issued securities went into Treasury accounts with the banks, increasing the banks' deposits and thereby increasing the reserves, based on deposits, they are required to maintain with the Federal Reserve banks.

Borrowing to Keep Up Reserves

Even with that help, banks over the country were more strapped for funds in the latest statement week than they had been the week before. A measure of the banks' reserve position is the amount they need to borrow from Federal Reserve banks to keep up their required reserves. These net borrowings (excess reserves less borrowings) went up to \$599 million Wednesday from \$501 the previous Wednesday. On a daily average basis for the statement week, net borrowings were \$495 million, up from the previous week's average of \$402 million.

One factor that added to the pressure on the banks was a decline in "float," credit automatically extended to banks by the Federal Reserve banks to cover checks delayed in transit. "Float" on Wednesday was \$256 million less than it had been a week earlier. The latest week's daily average "float" showed a drop of \$250 million from the previous week.

In the week's \$150 million drop in New York City business loans, the largest items were reductions of \$71 million in the borrowings of

petroleum, coal, chemical and rubber companies, \$33 million in those of sales finance companies, \$28 million in those of metals and metal products concerns and \$15 million in those of commodity dealers.

ASSETS AND LIABILITIES OF 17 WEEKLY REPORTING MEMBER BANKS IN NEW YORK CITY

(In millions of dollars)

	Aug. 28	Aug. 21	Aug. 28
Assets			
Loans and investments adjusted (r)	22,536	22,689	22,449
Loans adjusted (r)	15,801	15,948	15,689
Loans to industry and agriculture	11,794	11,941	11,589
Loans to brokers and dealers for purchasing or carrying:			
U. S. Gov't securities	187	187	70
Other securities	909	909	1,305
Other loans for purchasing or carrying:			
U. S. Gov't securities	367	373	440
Real estate loans	3,139	3,135	3,297
U. S. Gov't securities—total	5,178	5,263	5,815
U. S. Gov't securities—total	364	364	364
Treas. cert. of indebtedness	183	183	183
Treas. notes	731	743	1,053
U. S. bonds maturing:			
Within 1 year	164	173	75
1 to 5 years	1,913	1,981	1,858
After 5 years	1,854	1,843	1,313
Other securities	1,737	1,739	1,847
Loans to banks	529	512	526
Reserve with Fed. Res. Bank	4,997	4,997	4,918
Cash in vault	146	136	145
Balance with domestic banks	44	44	44
Other assets—net	1,212	1,135	993
LIABILITIES:			
Demand deposits adjusted	15,314	15,613	15,305
Time deposits except Gov't	1,500	1,507	1,578
Savings deposits	1,500	1,507	1,578
U. S. Gov't securities	774	774	1,330
Interbank demand deposits:			
Member banks	3,688	3,772	3,769
Foreign banks	1,369	1,444	1,448
Borrowings:			
From Federal Reserve Banks	62	213	8
From others	418	348	310
Other liabilities	1,333	1,468	1,306
U. S. Gov't securities	3,027	3,021	2,791
U. S. Gov't securities—total	3,027	3,021	2,791
U. S. Gov't securities—total	3,027	3,021	2,791
U. S. Gov't securities—total	3,027	3,021	2,791

CENTRAL RESERVE BANK NEW YORK CITY BANKS

(In millions of dollars)

Change since

Aug. 28

Aug. 21

Aug. 28

1957

1957

1956

Reserve with Fed. Res. Bank

Required reserves (partly est.)

Excess reserves

Daily average excess reserves

Borrowings at Fed. Res. Bank

From others

U. S. Gov't securities

U. S. Gov't securities—total

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# China Trade Ban? U. S. Firms' Partners in Japan Hike Red Sales

Continued From First Page

but admit "some" Toyon probably is

reaching China through Japanese trading firms.

Tokyo Shiba Electric Co., a leading man-

ufacturer of a wide range of consumer and in-

dustrial goods, has a technical tie to Interna-

tional General Electric, which also owns 12%

of Tokyo Shiba Electric's stock. The Japanese firm

also has technical agreements with a host of

other U. S. firms, such as R.C.A., Western

Electric and Raytheon, covering radio

tubes, locomotives and a number of other

products.

The company ships vacuum tubes to Red

China "irregularly," according to one spokes-

man—and chalked up sales of nearly 250,000

radio tubes to China last year, with better busi-

ness expected this year.

Executives of Japanese firms with ties to

Yankee companies seem convinced the U. S.

Government cannot restrain them from trading

with Red China.

The U. S. Treasury's foreign assets control

regulations under the Trading With the Enemy

Act only forbid foreign firms "controlled or

owned" by Americans from trading with Red

China.

What constitutes control or ownership? Ac-

cording to U. S. officials in Washington, 50%

stock ownership always would constitute con-

trol. If the Yankee company owns less than

50% of a Japanese concern's stock, the ques-

tion would turn on the facts in each individual

case, according to the American officials.

For instance, officials say, a firm may own

only a small block of stock in a foreign outfit

and yet control it because of scattered owner-

ship of the rest of the stock. Also, the officials

emphasize, there may be cases where an

American concern effectively controls a foreign

company without owning a single share of

stock; the Yankee firm, for example, might

control large blocks of raw materials or other

items essential to operations of the foreign

concern. Each case, the U. S. officials say,

would have to be decided on its own merits.

To further complicate matters, the greater

part of Japan's commerce—both domestic

and foreign—is handled by mammoth trad-

ing companies. Says one American business-

man with a factory in Japan: "We often don't

know where our mass-produced goods go."

With the trading companies providing an

insulating curtain between the manufacturer

and the final consumer, there often is no con-

tact between the two. As a result, many ad-

ditional products introduced to Japanese indus-

try by American firms—and still earning royalties

for their Yankee originators—probably are

flowing to Red China.

Most Japanese firms having ties with U. S.

companies report they are ready to trade with

Red China and are in no way restrained by

their American partners. A few, however, are

restricted from China trade by their U. S.

partners. Sumitomo Machinery Co., for ex-

ample, tied up with San Francisco's Western

Machinery Co., planned a shipment of equip-

ment to China; Western refused to allow it.

Some Japanese companies steer clear of

Chinese trade for other reasons. Matsushita

Electric, which has a technical tie-up with

R.C.A., fears a boycott from anti-Communist

countries if it trades with China.

Electronic Show Adds

To Proof of Engineer

Shortage Easing Off

Continued From First Page

engineers shelled out \$15,000 to bring these ne-

ophyte engineers to San Francisco.

"We're trying to get good kids at the high

school level for the electronic industry," ex-

plained 35-year-old Dr. Stanley F. Kiesel, chair-

man of the Future Engineers' part of the show.

Dr. Kiesel, who is manager of engineering for

Littion Industries, said, "We're really out after

the creative teenager. We hope others will see

this and work harder towards the electronics

industry."

"Quite an Interest"

"Any kid who would spend three to 12

months and up to \$600 (on their exhibits) must

have quite an interest," he said. "These are

the dedicated kids we want. This is very im-

portant to the electronics industry," Dr. Kiesel

figured. "The A.D.A. and A.M.A. (American

Dental and Medical Associations) are way

ahead of us in interesting kids in their pro-

fessions. The electronic industry hasn't done

as much," he asserted.

One of the more startling teen-ager exhibits

was a seven-foot metal cabinet labeled "Trio-

II"—a punched paper-type operated relay com-

puter that is designed to add, subtract, multi-

ply and divide. Designer of this maze of

wire and relays (300 in all) was 16-year-old

David Benson from Los Alamos, N. M.

This high school senior, who said he gets the

local Western Union office to punch up the

paper tape that operates the computer "when

the operator isn't busy," reported he worked

all summer and spent over \$600 (collected by

moving lawns and the like) to build his

machine.



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If your company is considering new financing, start planning well ahead of the actual need. What type of financing should it be? What is the right time? These are only two of the basic questions that call for expert counsel and guidance.

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## Treasury Calls on Larger

**Banks to Make Payments**

NEW YORK—The U. S. Treasury called on the country's largest and medium-sized banks to pay 40% of tax and loan account balances as of August 28, with certain adjustments in the case of the large banks. One-third of the amount due is payable on each of three dates, September 5, 8 and 9.

Country-wide payments due each of these three dates are \$208,638,000 from the large banks and \$178,539,000 from the medium banks. New York Federal Reserve District totals for each day are \$90,770,000 from large banks and \$28,979,000 from medium banks.

## Prices of Recent Securities Issues

The original offering price and Street market are indicated below for recent issues of selected securities that are not listed on a principal exchange.

## UTILITY BONDS

Offering Price Bid Asked

Issues: Price Bid Asked

Cen Ill Light 4 1/4 '87 100.80 100 100 1/4

Georgia Pow 5 1/4 '87 102.25 103 104 1/4

Gen'l Teleph 5 '87 100 101 1/4 102 1/4

Jer Cent P&L 5 '87 101.563 99 100 1/4

Met Ed 4 1/4 '87 101 102 1/4 103

Mich W Pl 6 1/4 '77 102.899 104 105 1/4

N Y Teleph 4 1/4 '91 101.755 99 100 1/4

North States 5 '87 100 102 1/4 103

Nor Sla Pow 4 1/4 '87 100 98 1/4 99

Pacific G & E 5 '89 100.798 103 104 1/4

Pac Tel&Tel 5 1/4 '80 102.387 102 103 1/4

Puget S P&L 6 1/4 '87 103.459 107 108 1/4

Sou Cal Gas 5 1/4 '83 101.807 104 105 1/4

Tenn Gas Tr 6 '77 99 102 102 1/4

Texas El Ser 4 1/4 '87 101.60 102 102 1/4

West Penn P 4 1/4 '87 101.66 102 103

Wis Tele 4 1/4 '92 101 98 1/4 99 1/4

## OTHER BONDS

Chance Vght 5 1/4 '77 100 90

Gen Mtrs AC 5 '77 97 101 1/4 101 1/4

Gen Mtrs AC 5 '82 100 99 1/4 99 1/4

Carter Prd 22 27 27 1/4

## Financing Business

Foreign Power Firm  
Arranges \$52.2 Million  
Long-Term Borrowing

Export-Import Bank to Lend  
American & Foreign \$25 Million  
Of Total

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON—American & Foreign Power Co., Inc., worked out a \$52.2 million long-term financing agreement with the Export-Import Bank, the Metropolitan Life Insurance Co. and other private investors.

The Government's Export-Import Bank, which announced the financing transaction, said it will grant American & Foreign power a \$25 million credit. Metropolitan Life will lend the company the same amount while other private investors will put up \$2,200,000 million. The bank said the power company is issuing \$52.2 million of 8 1/4% sinking fund debentures in connection with the transaction.

American & Foreign Power, which operates electric utilities in many Latin American countries, expects to use the proceeds from this transaction on a \$263 million expansion program in seven countries. According to the Government bank, the company will use the money for construction by its subsidiaries in Cuba, Colombia, Costa Rica, Ecuador, Guatemala, Panama and Venezuela. The expansion is scheduled to bring in 610,000 kilowatts of additional generating capacity by 1960 and make a start on installation of another 280,000 kw in later years. The Export-Import Bank credit will go for financing purchase of equipment and materials in the U.S.

National Cylinder Gas Files  
\$17.5 Million of Debentures

WASHINGTON—National Cylinder Gas Co. entered a registration statement for \$17.5 million in subordinated convertible debentures with the Securities and Exchange Commission. The securities, to mature September 1, 1977

and convertible on or before September 1, 1967, would be marketed publicly through Merrill Lynch, Pierce, Fenner & Beane and associates, the Chicago concern stated.

Proceeds would be employed partly to retire \$6 million in bank notes and to finance expansion.

United Utilities 312,583-Share  
Offering to Holders Starts

NEW YORK—United Utilities, Inc.'s offer of 312,583 common shares to stockholders on a rights basis is under way. The stock, available on a one-for-six basis, is priced at \$19.25 per share for a total of \$6,017,225.

Stockholders of record August 28 are eligible for the new offering. Their rights will expire September 13. Kidder, Peabody & Co. heads the underwriting group that will purchase any unsubscribed shares.

George Weston \$8 Million  
Preferred on the Market

TORONTO—A new issue of \$8 million (8 million) George Weston, Ltd. \$100 par 6% preferred shares was brought to market by Wood, Gundy and Co., Ltd., McLeod, Young, Weir and Co., Ltd., and associates, priced at par. Proceeds will be used to purchase all the outstanding common shares of Somerville, Ltd., with the balance for general corporate purposes. The shares are redeemable at the company's option at \$108.

## Money Rates

NEW YORK—Bankers acceptance rates on 30-90 day bills were quoted 4% to 4 1/4%, 120 day bills are 4 1/4% to 4% and the 180 day bills 4 1/4% to 4 1/2%.

Federal funds bid at 3 1/4%.

Call money lent dealers on bills and Treasuries was quoted at 4% to 4 1/4%.

Call money on stock exchange collateral was 4 1/4% to 4 1/2%.

Commercial paper, sold through dealers four to six months maturity was 4% to 4 1/4%.

Commercial paper placed directly by the major finance companies one to nine months maturity was 3 1/4% to 4%.

## Tax Exempts

Lehman Group Submits  
Top Bid on Honolulu  
\$11.5 Million Bonds

By a WALL STREET JOURNAL Staff Reporter  
HONOLULU—The best bid on \$11.5 million Honolulu, Hawaii, various purpose securities was delivered by a Lehman Brothers, Phelps, Fenn & Co., and Bear, Stearns & Co. group. Their offer stipulated a net interest cost of 4.380%.

The interest charge represents an increase of almost a full percentage point over the 3.4224% paid by the city and county of Honolulu on its last borrowing February 19, when it sold \$3 million auditorium bonds. The Dow-Jones yield index then read 2.98%, compared to its present 3.57%.

The latest interest figure resulted from a bid of par for coupons of 5%, 4.25%, and 4 1/4%. The bonds, backed by the full faith and credit of the island governmental unit, were offered to the public, subject to award, at prices that were scaled to yield from 3% in 1959 out 4.35% in 1967. "Fair" was the description given of their early reception at retail.

The only other bid on the bonds came from a Smith, Barney & Co. and First Boston Corp. group. Their offer named a net interest cost of 4.42%.

Money raised by the bond sale will go for a variety of public improvements on the island, with the largest share, \$6,000,000, applying to the Kalali tunnel.

Merrill Lynch, Rauscher  
Group Is High Bidder on  
\$3 Million Texas Bonds

A WALL STREET JOURNAL News Roundup  
High bidder on \$3 million Amarillo, Texas, general obligation bonds was a combination headed by Merrill Lynch, Pierce, Fenner & Beane and Rauscher, Pierce & Co., Inc.

Their offer for these limited tax securities which mature 1968 to 1969 was 100,000 for 4 1/4%, 4%, and 4 1/4% coupons. The net interest cost on the borrowing was calculated at 4.1172%.

Syndicate officials were reported anticipating a "successful deal" on the bonds which were reoffered to the public at prices yielding 2.70% out to 4 1/4%.

Halsey, Stuart & Co., Inc., and associates delivered the best offer for \$1,845,000 Janesville, Wis., school bonds maturing from 1968 through 1977.

The group placed a net interest cost of 3.5227% on the borrowing, resulting from coupons of 4% and 3 1/4% and a dollar bid of 100.03642. The securities were scaled to yield from 2.50% to 3.50% at the reoffering. Most of the early sale was reported in the Middle West and unavailable for tabulation.

A net interest charge of 3.8111% offered by a Northern Trust Co. and First of Michigan Corp. group resulted in their receiving the award of \$1,400,000 Port Huron, Mich., highway general obligation bonds.

The group's dollar bid was 100.0128 for 4% and 3 1/4% coupons. The securities were reoffered.

Loew's Dissidents Lose  
Motion for New Hearing

WILMINGTON, Del.—A motion by a dissident Loew's, Inc., faction asking for reargument of a ruling handed down earlier this week was denied in Court of Chancery here. In denying the motion, Chancellor Collin J. Seitz made final an opinion he issued last Monday which found invalid the election of two directors to Loew's board as well as other actions at a July 30 meeting.

Another hearing in the Loew's struggle is scheduled in the same court today. This is on a motion by a stockholder to have the September 13 special stockholders' meeting postponed.

Bond Markets  
Long-Term Treasuries  
Ease in Dull Trading;  
Rails, Corporates Fall

NEW YORK—Long-term U. S. Government bonds led to a general lowering of the bond market in slow trading.

Some dealers closed the 3 1/4% of June, 1978-83 at 92 26-32 bid, off 6-32. The 40-year 3s were off 4-32 at 87 16-32 bid. The Victory Loan 2 1/2% of December, 1967-72 were 87 10-32 bid, off 2-32.

Investment grade corporates again declined slightly on small volume. "Many investors did their buying early in the week on the two new issues that came into the market—Southern California Edison and Public Service Electric 4 1/4%—and did no trading afterwards," said one analyst. "These two issues were not sellouts, so the market eased," he continued, "but a better test will come when everyone is back from the holidays Tuesday."

Rails were fractionally lower and inactive. The municipal market eased after several days of firmness. There was little volume, and dealers diagnosed the mild slump as a normal pre-weekend performance. Revenue bonds were mixed.

Big Board convertibles were mostly lower and not active.

Italian issues were mixed in a modest foreign bond market.

A. V. Roe Preferred Offering  
Sold; Stock Rise Voted

TORONTO—The public offering of 40,000 shares (\$4 million) of A. V. Roe Canada, Ltd. 5 1/4% convertible preferred stock has been over-subscribed and the books closed. This was part of a \$24 million offering, the remainder of which went to Racair, Ltd., a wholly-owned subsidiary of Hawker Siddeley Group, Ltd., of Great Britain.

Wood, Gundy & Co., Ltd. made the public stock distribution. The concern attempted to give Avro common stockholders first refusal rights on the preferred issue where possible.

The preferred is convertible into common at \$20 principal amount of debentures per common share for four years, and at \$25 for the next four years. Racair will convert 100,000 of its preferred shares into common before January 2, 1968.

Purpose of the issue is to help finance a plan to acquire Dominion Steel and Coal Corp., Ltd.

Stockholders at a special meeting approved increasing authorized common share capital to 10,000,000 no par shares by creating an additional 2,500,000 common shares. The common shares would also be used to finance the Dominion Steel offer.

There are currently 4,764,800 common shares outstanding of 7,500,000 authorized. If Avro's stock exchange offer to stockholders and convertible debenture holders of Dominion Steel was approved by at least 52% of holders of DoCo common, Avro would have to issue some 3,800,000 treasury shares. In addition, maximum number of common shares needed under the new convertible preferred offering is 1,300,000 shares.

Sylvania Division to Market  
Simplified Color Slide Camera

ANN ARBOR, Mich.—Argus Cameras division of Sylvania Electric Products, Inc. introduced what it said is a simplified color slide camera incorporating a lens-coupled rangefinder and rapid film advance which will retail for \$43.50.

In addition, Color-matic settings will make correct exposures as simple as on a snapshot camera, the company claims.

As an introductory offer, the company said, the 35-millimeter camera will be packaged with an Argus previewer, plug in flash unit, color film and flashbulbs in a kit that will sell for \$59.95.

## New Northrop Division

HAWTHORNE, Calif.—Northrop Aircraft Inc., has established Nortronics, a division to design, develop and manufacture electronic, electro-mechanical and opto-mechanical products and components, Whitley C. Collins, president, announced.

## THE CELOTEX CORPORATION

## Notice of Change in Conversion Price

Pursuant to the anti-dilution provisions of the 4 1/4% Convertible Subordinated Debentures, due May 1, 1976 of The Celotex Corporation, the conversion price per share at which shares of Common Stock, \$1 par value, shall be issuable upon the conversion of Debentures has been adjusted effective August 27, 1957 to \$46.23 per share, subject to further adjustment as provided in the Debentures.

THE CELOTEX CORPORATION

BY H. W. COLLINS, President

Dated: August 30, 1957



**The American Tobacco Company**  
212TH PREFERRED DIVIDEND

A quarterly dividend of 1 1/4% (\$1.50 a share) has been declared upon the Preferred Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on October 1, 1957, to stockholders of record at the close of business September 10, 1957. Checks will be mailed.

August 27, 1957

HARRY L. HILYARD  
Vice President and TreasurerAB-Paramount Purchases  
Station KQV in Pittsburgh

NEW YORK—American Broadcasting-Paramount Theatres, Inc., announced it has purchased Pittsburgh radio station KQV for \$100,000.

KQV, one of the oldest radio stations in the country, was owned by Allegheny Broadcasting Corp. The purchase, which is subject to approval by the Federal Communications Commission, gives AB-Paramount ownership of five radio stations.

Interest exempt from all present Federal and New York State Income Taxation.

\$850,000

## City School District

of the  
City of Fulton, New York

3.70% Bonds

\$25,000 due annually November 1, 1957 to 1966, inclusive  
\$30,000 due annually November 1, 1967 to 1986, inclusive

Legal Investment for Savings Banks and Trust Funds in New York

These Bonds, to be issued for school purposes, in the opinion of counsel will constitute valid and legally binding obligations of the City School District, payable from ad valorem taxes levied against all the taxable real property therein without limitation as to rate or amount.

Maturity	Yield	Maturity	Yield	Maturity	Yield
1957	3.15%	1963	3.15%	1969	3.45%
1958	2.50%	1964	3.20	1970-71	3.50
1959	2.70	1965	3.25	1972-74	3.55
1960	2.85	1966	3.30	1975-77	3.60
1961	3.00	1967	3.35	1978-80	3.65
1962	3.10	1968	3.40	1981-86	100

(accrued interest to be added)

These bonds are offered when, as and if issued and received by us and subject to approval of legality by counsel, whose opinion will be furnished upon delivery. The offering circular may be obtained in any State in which this offering is circulated from each of the undersigned and other dealers as may lawfully offer these securities in such State.

HALSEY, STUART &amp; CO. INC.

August 30, 1957.

BLAIR &amp; CO.

INCORPORATED

## QUARTERLY DIVIDEND

**AMERICAN  
RE-INSURANCE COMPANY**  
111 WALL STREET  
NEW YORK 20, N.Y.

The Board of Directors, at a meeting held on Aug. 28, 1957, declared a quarterly dividend of twenty-five cents (\$0.25) per share on the Capital Stock of the Company, payable Sept. 14, 1957 to stockholders of record Sept. 4, 1957.

DAVID H. HOUGHTALING,  
SecretaryNotice to Redeem Sewer Revenue Bonds,  
Series 1947, Sewerage District No. 6-A/8,  
PARISH OF EAST BATON ROUGE,  
STATE OF LOUISIANA,

## Prior to Maturity

Notice is hereby given to all of the holders thereof that the Parish Council of the Parish of East Baton Rouge, State of Louisiana, as the governing authority of Sewerage District No. 6-A/8 of the Parish of East Baton Rouge, adopted a resolution on the 28th day of August, 1957, calling for the redemption prior to maturity of certain negotiable 4% coupon Sewer Revenue Bonds, Series 1947, as follows, to-wit:

## SEWERAGE DISTRICT NO. 6-A

Certificate No.	Principal	Order
1409	\$1,000.00	1957
1412	1,000.00	1957
1415	1,000.00	1957
1427	1,000.00	1957
1432	1,000.00	1957
1431	1,000.00	1957
1463	1,000.00	1957
1467	1,000.00	1957
1472	1,000.00	1957
1473	1,000.00	1957
1474	1,000.00	1957
1475	1,000.00	1957
1476	1,000.00	1957
1477	1,000.00	1957
1478	1,000.00	1957
1479	1,000.00	1957
1480	1,000.00	1957
1481	1,000.00	1957
1482	1,000.00	1957
1483	1,000.00	1957
1484	1,000.00	1957
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1491	1,000.00	1957
1492	1,000.00	1957
1493	1,000.00	1957
1494	1,000.00	1957
1495	1,000.00	1957
1496	1,000.00	1957
1497	1,000.00	1957
1498	1,000.00	1957
1499	1,000.00	1957
1500	1,000.00	1957
1501	1,000.00	1957
1502	1,000.00	1957
1503	1,000.00	1957
1504	1,000.00	1957
1505	1,000.00	1957
1506	1,000.00	1957
1507	1,000.00	1957
1508	1,000.00	1957
1509	1,000.00	1957
1510	1,000.00	1957
1511	1,000.00	1957
1512	1,000.00	1957
1513	1,000.00	1957
1514	1,000.00	1957
1515	1,000.00	1957
1516	1,000.00	1957
1517	1,000.00	1957
1518	1,000.00	1957
1519	1,000.00	1957
1520	1,000.00	1957
1521	1,000.00	1957
1522	1,000.00	1957
1523	1,000.00	1957
1524	1,000.00	1957
1525	1,000.00	1957
1526	1,000.00	1957















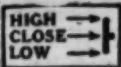








# The Dow-Jones Averages



# Abreast of the Market

EDITED BY OLIVER J. GINGOLD

## MARKET DIARY

	Thurs.	Wed.	Tues.	Mon.	Fri.	Thurs.
Index	111.12	111.12	111.12	111.12	111.12	111.12
Advances	237	237	237	237	237	237
Declines	615	615	615	615	615	615
Unchanged	246	246	246	246	246	246
New highs	1	1	1	1	1	1
New lows	1	1	1	1	1	1

## DOW-JONES CLOSING AVERAGES

	1957	1956	1955	1954	1953	1952
Industrials	478.08	478.08	478.08	478.08	478.08	478.08
Railroads	134.03	134.03	134.03	134.03	134.03	134.03
Utilities	67.32	67.32	67.32	67.32	67.32	67.32
Ex-dividend of Philadelphia Electric Co. 50 cents lowered the Utility Average by 0.17.						
Ex-dividend of Illinois Central Railroad Co. 1.00 lowered the Rail Average by 0.17.						

Sparked by an advance in Chrysler shares on success of the Jupiter missile, for which the company is the prime contractor, prices steadied on the New York Stock Exchange yesterday after early extension of Wednesday's softness. Russia's flat rejection of the West's package deal on disarmament was also credited in part for the afternoon firmness. Dow Jones industrial and railroad averages still closed with declines of 1 1/2 points each, but at 1 p.m. they had been down 4 1/2 and 2 1/2 respectively.

The strength in Chrysler followed a statement by Secretary of the Army Brucker that the Jupiter 1,500-mile missile, test-fired the day before, was a "spectacular success." The stock advanced further in Pacific Coast deals after the New York close.

Brokers also had another reason for the late improvement in prices. They said most of the liquidation of speculative positions which usually takes place just before a holiday had been completed during morning trading, leaving the market in a strong "technical" position. Other motor shares, also rose with Chrysler, but steel, chemicals, oils, some aircrafts and coppers tended to lag. Strong exceptions were Du Pont, up nearly a point following Wednesday weakness, and Lockheed, United Aircraft and General Dynamics.

Among specialties International Business Machines added 4 and Pan American Airways 1/2. Western Maryland stood out in a relatively weak carrier division on an advance of 1/2.

On the American Exchange, Thiokol rose 1 1/2 to 59 1/2. Vanadium Alloys Steel dropped more than 2 and Todd Shipyards nearly 4. Sterling Precision was up a minimum fraction in active trading on an optimistic official statement regarding its prospects.

**Heard on the Street—**  
Sales of U.S. Time (over the counter) are currently about 25% ahead of a year ago and the company expects to end the fiscal year next April 30 about 20% ahead of last year, according to Joakim Lehmkuhl, president. The watch firm, now producing about 22,000 Timex wrist watches daily, does not release sales and earnings figures. Mr. Lehmkuhl said the company's gyroscope business is improving more slowly than had been expected due to defense stretch-

outs. . . Boston Fund, with assets of around \$150 million, reduced many of its common stock holdings in the three months ended July 31, according to Henry T. Vance, president, who says sales of common stocks in the period exceeded purchases by nearly \$8 million. Common stocks newly added to the portfolio in the period were 7,200 shares of International Harvester and 2,000 Sherwin-Williams (American). Eliminated were 9,100 Louisiana Land & Exploration (American) while Sears-Roebuck shares were reduced to 1,445 from 30,345. Most other changes were downward.

**Market Views—**  
**OPINION:** "It does not seem likely" to E. F. Hutton & Co. "that a base for a good advance can be made at this level without testing the bottom of the long-term trading range." . . . "The market may remain unsettled for awhile," commented Freehling, Meyerhoff & Co., of Chicago, "but we continue to believe that there is no cause for alarm." . . . To Waldo M. Allen, of Mitchell, Hutchins & Co.'s Chicago office, "it would seem that powerful resistance should appear between 480 and 485 for the Dow-Jones industrial average which could forestall penetration of the 1957 'Lincoln low' set February 12 at 484.82."

**ANALYSIS:** Lawrence Lewis, of Pershing & Co., has reviewed Research & Chemical. . . Reynolds & Co. has discussed the Outlook for Bank Stocks. . . Dean Witter & Co. has analyzed U. S. Glycine under the title A Study in Wealth. . . Chicago Pneumatic Tool has been reviewed by Harris, Upham & Co. . . Allied Laboratories has been discussed by William Kurts, of Paine, Webber, Jackson & Curtis, which also has reviews of New England Electric System and Transamerica.

## Curtiss-Wright Widens Non-Military Activity

Curtiss-Wright Corp. is moving further into the non-military field and is getting ready for increased expansion in commercial products in 1958 and 1959. Roy T. Hurley, president and chairman, told The Wall Street Journal. He said he expected the company's sales in the second half of 1957 and during 1958 to continue at about the same over-all level as indicated by the \$113,340,000 volume reported for the first six months of 1957. This was up from \$79,147,000 in the initial half of 1956. Profit margins, he indicated, are expected to hold at present levels or better. Sales and earnings in 1959 should move ahead again, he indicated.

The company reported net income for the six months ended June 30, 1957, of \$20,712,000 compared with \$20,452,000 a year earlier. "We are developing our markets for such products as our plastic material Curon, our ultrasonic equipment and our specialized metal extrusion business at Buffalo," Mr. Hurley said. He also noted that sales of Turbocompound piston engines, used in the Douglas DC-7 and Lockheed Super Constellation, are expected to continue substantial for several years and that an important spare parts business for these power plants is building up.

"We anticipate rising commercial sales, which already account for about two-thirds of our earnings, will offset any decline in our military contracts in line with Defense Department economies," Mr. Hurley declared. He said the recent series of defense cutbacks had not had an important effect on his company, although the cancellation of the North American Navaho missile and Republic F-103 experimental fighter had cost the company some jet and ramjet development business.

"Our backlog figures will increasingly become of less significance," said Mr. Hurley. "Our commercial items aren't the sort which build up in large backlog, but are ordered mostly on a three or four months basis," he added. The company's backlog as of last June 30 was about \$580 million, off from \$687 million a year previous.

Curon, the company's new plastic material, is being featured by R. H. Macy & Co. for lining for clothing because of its light weight and warmth. Curon also is used for wall and floor coverings, upholstery, soundproofing and for auto trim, cushions and upholstery. Mr. Hurley said that volume production later probably would be handled in a new plant in

the West and Midwest. He said the Zephyr light weight jet engine now being offered to American commercial users is the quietest on the market, and proposals are being made to leading aircraft builders. The Zephyr was designed jointly by C-W and Bristol of England. Curtiss-Wright has the U. S. manufacturing rights. "We can give them an 85-decibel engine, a noise level comparing with 110 to 125 decibels for other available large jet engines, plus light weight and good fuel economy," Mr. Hurley declared.

Concerning potential excess floor space at the big Wright Aeronautical Division plants here as military jet engine requirements decline, Mr. Hurley emphasized that the company leases about 30% of the Wright Division space and could if necessary shrink its operations to that extent without having to absorb heavy overhead expenses for unused plants.

Asked about the company's option to acquire a substantial block of common stock of Studebaker-Packard Corp., which runs until November, 1958, Mr. Hurley said: "We haven't made any decision yet. We keep reviewing the situation, but it seems to me the time to make a decision to take up the option is when Studebaker-Packard begins to make money."

For the first six months of 1957 Studebaker-Packard, now operating under a Curtiss-Wright management contract, reported a net loss of about \$6 million, compared with \$35 million a year earlier, after a large reserve. Mr. Hurley said that Studebaker-Packard would probably break-even or show a modest net profit in the second half of 1957 if costs of introducing a new low-priced economy car this summer are not taken into account.

He stated that although details of the new small car cannot be disclosed yet, it will be priced well below the Scotsman's \$1,776 figure. Reception of the Scotsman, which went into production early this summer, has been very good, Mr. Hurley said. He expressed the opinion that Studebaker-Packard has as well-rounded a line as any company in the industry, beginning with the new small car and ranging up to the high-priced Mercedes-Benz line. The new models of various foreign and Studebaker-Packard types will be introduced from time to time beginning early this fall and continuing into early 1958, according to Mr. Hurley.

## Niagara Mohawk Boosts '57 Profit Estimate

Niagara Mohawk Power Corp. has raised its 1957 earnings estimate to about \$2 a share following the New York State Public Service Commission's decision granting the utility a \$8,225,000 a year rate increase, effective tomorrow, Dow-Jones learned. The estimate is still considerably under the \$2.22 a share earned in 1956, and the \$2.13 a share it earned last year. But it is a definite improvement on an earnings forecast made only days before the rate boost was announced of about \$1.90 a share or only slightly more than its \$1.80 a share yearly dividend.

What the rate increase will mean to Niagara Mohawk's earnings in 1958 has not been even roughly worked out on the company's calculating machines. But there is a reasonable possibility it could mark the beginning of a comeback for the utility's falling earnings. Niagara Mohawk's earnings went on the skids following

a rock slide at its Schoellkopf Station in June, 1956, that knocked out 370,000 kilowatts of low cost power generated by this Niagara River hydro-electric plant.

The company has already reactivated 88,000 kw. of the generating capacity lost at Schoellkopf and is in the midst of a construction program that will substantially increase its capacity. The program will require a major part of the more than \$300 million Niagara Mohawk plans to spend on new construction during the three years ending with 1959.

Niagara Mohawk will raise part of its needed expansion money on September 16—the date has been set back from September 24—when it will sell \$50 million of mortgage bonds due 1967 at competitive bidding. This will be the company's last financing this year, but it will have to come into the market again in 1958.

## Smith, Kline & French Widens Its Research

Smith, Kline & French Laboratories (over the counter) is spending "a greater proportion of profits on research" than in previous years to get such expenditures more in line with earnings, Francis Boyer, president, told this newspaper. The ethical pharmaceutical house spent nearly \$7 million on research and development in 1956, a jump of nearly \$2 million from 1955, but Mr. Boyer said, "we have not been able to expand research at a rate commensurate with our earnings." He added the company had a "good July" in earnings and "sales are all right in August so far."

In the six months ended June 30, the company which recently applied for listing on the New York and Philadelphia-Baltimore Stock Exchanges, earned \$9,714,639, equal to \$2.01 a common share, off slightly from \$9,961,176, or \$2.06 a share in the first half of 1956. Sales were \$35,777,785, up from \$33,885,065 in the year-ago

period. The slightly lower earnings resulted from the company's increased research expenditures and expenses connected with completion of a new building.

As recently as 1953, sales were \$53 million, or about half the current annual rate. Mr. Boyer explained that the company had a big sales jump following the introduction in 1954 of Thorazine, a tranquilizer used extensively in the treatment of mental illness. "Thorazine and its related products deserve the major credit," Mr. Boyer said, for sales increase to \$105 million in 1956. Earnings also showed a sharp rise from \$9,335,000, or 93 cents a share, in 1954, to \$18,579,000 or \$2 a share, in 1956.

He noted that although the company will attempt to boost research and development spending as fast as it can, "I don't believe we can put as much as we would like to into research because we can't build facilities fast enough."

## CAN THESE 6 EXCEPTIONAL STOCKS INCREASE 1957 EARNINGS?

In a new Report, our Research Department presents 6 strong and attractive stocks engaged in a presently troubled basic industry. Each one should—in our opinion—be able to buck the trend and report higher earnings for 1957. Estimates of this year's earnings and dividends are given, and the latest developments in products, management and potential are discussed. Current yields range to 5.8% and one of these 6 selected stocks is particularly recommended as an inflation-hedge. For your free copy of our Research Report, write for Research Report WJ-30.

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## Superior Tool Rescinds Agreement to Buy Stock of Foundry Concern

### Superior President Cites High Financing Costs; Shareholders' Suit Opposed Transaction

**By a WALL STREET JOURNAL Staff Reporter**  
DETROIT—Superior Tool & Die Corp. announced its agreement to buy 71.14% of the common stock of Bethlehem Foundry & Machine Co. from Lehigh Bethlehem Corp. had been rescinded.

The agreement had been a key issue in a bitter shareholders' fight at Superior Tool early this month. Results of a stockholder vote on authorization of additional shares to permit the acquisition still are unofficial pending a ruling in Wayne County Court of Chancery on the propriety of directors' transactions prior to the meeting and on the validity of the proxy count.

Wesley J. Peoples of Detroit, who brought the court action, had charged several directors of Superior, including Jennis M. Doroshaw, chairman, worked out a transaction for the Bethlehem stock that would have afforded excessive profits to Lehigh Bethlehem, which he charged was a concern controlled by associates and the wife of Mr. Doroshaw.

Martin L. Jacobs, Superior president, announced the agreement whereby Lehigh Bethlehem will take back the foundry concern's stock. He said the move was made because high costs of financing the purchase have continued during the litigation. This financing included a two-month loan of \$1,055,000 from City Industrial Co. of New York which carried interest and a premium of \$105,500. The loan was secured by the Bethlehem stock, and a Superior official said it would be repaid when Lehigh Bethlehem pays for return of the stock.

Superior had the option of renewing the note for two periods of 30 days each upon payment of \$55,000 of principal on first renewal and interest of 1 1/4% a month for each renewal.

No specific date for completion of these transactions was given. The unofficial result of the annual meeting was the election of one of the insurgent shareholders, Mendel Lurie of New York, to the five-man board. The increased authorization of shares was approved, but 116,900 of the votes for the management proposal were contested. It had only passed by from 3,000 to 11,000 votes, also subject to dispute.

## Parker Appliance Holders To Vote on Boost in Common

CLEVELAND—Stockholders of Parker Appliance Co. at the annual meeting on September 19, will be asked to approve an increase in authorized common shares to 750,000 from the present 550,000, C. C. Sigmier, chairman, and S. B. Taylor, president, said in a letter accompanying the pamphlet report for the fiscal year ending June 30, 1957.

Of the 550,000 shares presently authorized there were, as of June 30, 521,894 shares outstanding and 18,033 shares either subject to or reserved for restricted stock options to employees.

The additional shares are necessary "in order that the company may have additional \$22,526 or \$3.32 a share, compared with \$521.00 other businesses, for further stock dividends, or for sale," the Parker official said.

As previously reported, for the year ended June 30, 1957, sales totaled \$28,349,060, compared with \$21,152,282 while earnings were \$1.15 a share available for possible acquisitions of \$25 or \$1.12 a share.

## MoPac Will Begin Study To Increase Efficiency; Job Cuts May Result

**By a WALL STREET JOURNAL Staff Reporter**  
ST. LOUIS—Missouri Pacific Railroad Co. will start in September an eight-month study of the road's "methods and procedures," to keep pace "in this fast-moving age of mechanization and automation," Russell L. Dearmont, president, said.

"The end objective of our study is more efficient operation so we can render better service to the public," Mr. Dearmont said. However, in an employee publication he warned, "in obtaining this objective some rearrangement in forces may ultimately be made but it is our expectation that if any reductions are involved, this result will generally be obtained through natural attrition—resignations, retirements, deaths, etc.—of employees during the coming years."

The study team will include seven MoPac employees from the accounting, operating, purchasing and traffic departments, and representatives of the management advisory service of Price Waterhouse & Co., accountants.

**Bank Clearings**  
BANK CLEARINGS for 26 leading United States cities reported by Dun & Bradstreet compare as follows with changes in the corresponding period a year ago (total in millions of dollars):

	1957	1956	% Change
N.Y.	10,000	9,500	+5.3%
Chgo.	10,000	9,500	+5.3%
Los Angeles	10,000	9,500	+5.3%
San Francisco	10,000	9,500	+5.3%
San Antonio	10,000	9,500	+5.3%
San Diego	10,000	9,500	+5.3%
San Jose	10,000	9,500	+5.3%
Seattle	10,000	9,500	+5.3%
Portland	10,000	9,500	+5.3%
Phoenix	10,000	9,500	+5.3%
San Jose	10,000	9,500	+5.3%
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Phoenix	10,000	9,500	+5.3%
San Jose	10,000	9,500	+5.3%
San Francisco	10,000	9,500	+5.3%
San Antonio	10,000		



## Cities Service Takes Official Steps To Start Search for Oil in Sahara

It Signs Agreement with Two French Oil Firms; Group to Seek Exploration Permits

By a WALL STREET JOURNAL Staff Reporter

PARIS—The Cities Service Co. became the first American oil concern to take official steps to explore for oil in the Sahara Desert.

At 10 a.m. yesterday the United States firm signed an exploration agreement here with two French oil firms. The group will immediately apply for prospecting permits in the Sahara.

Cities Service's share in the agreement is 50%. Though no company has been set up, French officials say that once any production is found, a company will have to be formed.

George H. Hill, Jr., Cities Service vice president in charge of exploration, who left Paris Thursday night for New York, was reached by telephone at Orly Airport. He said: "We are very much interested in the area and think it's got a good potential." He added, "We're ready to move right in and go to work, but of course we don't know if we'll get the concessions."

However, just a few days ago, Ives Delavigne, manager of the French governments Bureau Des Recherches De Petrole, said privately that American firms will have "good chances" of getting permits. Furthermore in describing the Cities Service agreement Mr. Delavigne was in an obviously happy frame of mind.

Actually the French government's oil bureau Recherches de Petrole will control the majority of the 50% French interest in the group in which Cities Service has the other 50% share. Recherches de Petrole holds 65% of the stock in the concern that holds the biggest French share in the agreement with Cities Service.

That firm is Societe de Prospection et Exploration Petrolieres en Alsace, generally called PREPA, founded in 1953 with a book value of the franc equivalent of \$25 million. Its stock market value at the end of July was \$36 million. The shares of PREPA not held by the French government are spread mostly among private investment groups.

The management of PREPA could not be reached last night, and no other source would divulge the exact percent of PREPA's participation which determines the French government's interest in the new Sahara group.

But an official of Recherches de Petrole said "certainly PREPA gets the biggest share of the French interest."

The other French firm signing the agreement yesterday is Compagnie Franco-Africaine de Recherches Petrolieres, known as Franca-rep, founded in 1957 with a book value of francs equal to \$35 million. Its wholly private company whose stock is held by two French banks: Rothschild Freres and Worms et Compagnie.

Other American firms have been reported to be scouting the Sahara with a view to seeking concessions. Mentioned have been names such as Sinclair Oil, Texas-Gulf Producing and Standard Oil Co. of California.

Oil has been found already in the Sahara, and there are hopes further exploration will reveal even larger reserves.

The Royal Dutch Shell group has a 35% interest in a French company which has made some of the most important discoveries in the Sahara. It also owns a 65% interest in another French firm which to date has been unsuccessful in its exploration activities in the Sahara.

In addition to the two firms in which Royal Dutch has interests, oil drilling permits in the Sahara have been given to three other French concerns. These are Compagnie d'Exploration Petroliere, Compagnie Francaise des Petroles (Algerie) and Societe Nationale de Recherches et d'Exploitation des Petroles en Algerie. The French government owns or effectively controls all three.

Altogether the five firms have drilled some 50 holes since 1952.

French planners are mindful of the problems that large Sahara oil production might present. If pipelines were built all the way from producing areas to the coastline, they could easily attract Algerian saboteurs, so originally it is intended to move the oil partially by pipeline and partially by rail tank car.

After the Algerian trouble is settled, they say, a pipeline could be built all the way.

The French also have in mind the possibility that Algeria may gain its freedom. In that case, planners say, strong efforts would be made to keep the Sahara a separate political entity.

## Rusco Window Distributors Get Assembly Line Duties

By a WALL STREET JOURNAL Staff Reporter  
CLEVELAND—F. C. Rusco Co., producer of metal windows and doors, is moving final assembly of some of its replacement window lines to its 70 distributors from the company's main plants.

Under the program, the company will lease machinery to the distributor, ship semi-finished parts and let the distributor convert the materials into the various sizes and styles of Rusco windows. Windows for new homes, among other products, will continue to be produced at the main plants.

Comments Frank C. Russell, company president and chairman: "It will expedite delivery to customers, eliminate inventory of finished windows at the distributor level, effect considerable saving in capital structure, make possible a lower selling price and permit flexibility in processing orders."

## White Sewing Division Plans Sale to Bettcher Of One Line of Washers

Transfer of Apex's Wash-A-Matic Machine Is Expected to Be Completed Next Week

By a WALL STREET JOURNAL Staff Reporter

CLEVELAND—Apex Electrical Manufacturing Division of White Sewing Machine Corp. is negotiating the sale of its Apex Wash-A-Matic line of automatic washing machines to Bettcher Manufacturing Co.

The sale—terms have not been completed yet—is expected to be consummated next week. The Wash-A-Matic line is one of three washing machine product lines produced by the Apex division.

Calvin K. Arter, president of Bettcher, said that the Wash-A-Matic line would be transferred to the Cleveland plant of his company from the Sandusky, Ohio, plant of White Sewing and that production of the machine would continue without a break.

White Sewing acquired the Apex line when it took over control of Apex Electrical Manufacturing Co. One of its first moves was to consolidate the manufacture of Apex appliances by closing the Apex plant in Cleveland and moving all operations to the Apex plant in Sandusky.

Mr. Arter said the Cole Distributing Corp. of Long Island City, New York, will continue to distribute the commercial model of the Apex Wash-A-Matic.

Bettcher Manufacturing Corp., a large contract manufacturer, was started in the 1890's. The company supplies stampings, weldments and complete assemblies to the automotive, aircraft, commercial refrigeration and air cleaning industries, together with the appliance field. It also produces major items for road building equipment and complete industrial and domestic heating equipment.

"The purchase of the Apex Wash-A-Matic line will enable Bettcher to secure a stronger foothold in the appliance field," Mr. Arter said.

## Lockheed to Cut Jobs To 55,700 From 60,900 By End of This Year

Officer Attributes Move to Less Aircraft Buying, Sees Gradual Layoffs

By a WALL STREET JOURNAL Staff Reporter

BURBANK, Calif.—Lockheed Aircraft Corp.'s employment roster is expected to decline to about 55,700 by the end of the year from the present 60,900 because of the slack-up in Government aircraft buying, Burt C. Mone-smith, vice president and general manager of the California division, said.

The declines in employment will be gradual. There'll be no sudden, mass layoffs, Mr. Mone-smith said.

The only division which is expected to grow is the missiles systems division, in which employment will increase to 6,100 from 5,400.

Employment in the airframe maker's California facilities will slip from the present 32,000 to about 28,000 by the year-end, Mr. Mone-smith said. The Georgia division employment will fall to 16,500 from 18,000 now and employment in Lockheed's four subsidiaries will decline to 4,800 from 5,200.

## Sylvania Layoffs Set

Special to THE WALL STREET JOURNAL

CHARLESTON, W. Va.—Sylvania Electric Products, Inc., announced it would lay off within the next week the work force of approximately 350 employees at the Huntington, W. Va., plant it has operated for the Government.

The move came after the Defense Depart-

ment announced it had cancelled its contract with Sylvania to make classified devices at the Huntington plant. The cancellation followed a gradual Government reduction in delivery requirements over the past two years.

The plant was built by the Navy in 1944. It has been operated almost continuously since then by Sylvania for the Government except for a brief shut-down after World War II.

Future plans for the plant were not disclosed. Civic groups in Huntington are seeking its release by the Navy to permit civilian operation.

NEW YORK—Sylvania Electric Products, Inc., announced its 27,000 employees will get a 3% pay increase effective September 1. About half the workers are covered by union contracts, which call for the increase, a spokesman said.

The increase, the third in a three-year program of general pay increases, will add five to eight cents an hour to the paychecks of hourly employees.

## American Stock Exchange

NEW YORK—The American Stock Exchange announced arrangements had been made for the sale of a regular membership for \$23,000, down \$2,000 from the preceding sale. The current market for seats is \$23,500 bid, offered at \$23,000.

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## Auto Output to Decline This Week; Pace Holds Well Above '56 Period

DETROIT—Shutdowns by two auto producers today and DeSoto division's slowdown last Monday for model change-over will contribute to a slight decline in passenger car production in the U. S. this week.

However, producers continued to assemble cars at a much higher rate than a year ago, apparently seeking to avoid shortages of new cars which plagued some dealers during model change-overs last year.

Ford Motor Co.'s Lincoln division and the

Cadillac division of General Motors Corp. will not assemble cars today, and workers will get a four-day weekend.

Industry output this week will decline 4.7% to an estimated 117,350 cars, compared with 123,120 last week. In the comparable year-ago week only 58,250 cars were assembled when over one-half of the auto producers were down for model change-overs. All makes of cars were assembled this week, except Packard, which will go into production of 1958 models sometime in October.

The DeSoto division is the first division of Chrysler Corp. to begin shutting down for model changeover. DeSoto's Detroit plant closed Monday, cutting output of DeSoto cars this week to an estimated 700 cars from last week's 2,492.

Chrysler Corp. said all its divisions will be down preparing for 1958 model production by September 10. On September 18, some divisions will begin assembly of new models and all five will be in operation during the week of September 23. The company said its production schedules would be accelerated through October, prior to public introduction of new models late this fall.

Studebaker Packard Corp. began assembling 1958 Studebaker cars Monday, and 500 are scheduled to be built this week.

American Motors Corp., now in its second week of 1958-model production, is scheduled to build 24 Hudson and 56 Nash cars this week. Last week, the company originally scheduled 105 Nash and 45 Hudson autos, but production difficulties held output down to 18 and 3, respectively.

Ford's Edsel division will build an estimated 5,700 cars this week, compared with last week's output of 5,406 units. The company's plant in Louisville, Ky., has halted production of Ford cars and now is building only Edsel cars and Ford trucks. All Ford plants resumed a five-day week this week. Last week three plants worked Saturday.

Chevrolet again led production this week, scheduling 31,900 cars, up slightly from the 31,774 built last week. Total Chevy production so far this year is 1,067,890, only 5,024 units behind the industry's production leader, Ford. Thus far in 1957, Ford has assembled an estimated 1,072,914 cars.

Industry output for the year totals an estimated 4,392,217, up 8.7% over last year's 4,039,751 cars built in the comparable period.

Auto Output:	This Week	Last Week	Yr. ago	— To date —	1957	1956
Chevrolet	31,900	31,774	31,333	1,067,890	1,136,102	883,316
Ford	27,347	28,919	0	1,072,914	883,316	315,553
Pontiac	15,350	16,137	0	500,389	315,553	0
Buick	6,737	7,384	7,990	232,859	403,472	0
Vauxhall	6,308	7,161	5,124	233,773	239,000	0
Oldsmobile	6,366	7,830	6,490	284,313	318,553	0
Edsel	5,700	5,406	0	33,724	0	0
Mercury	5,439	5,444	5,723	214,135	184,219	0
Dodge	5,000	5,624	0	218,640	123,146	0
Cadillac	2,448	2,349	1,918	111,911	109,478	0
Chrysler	2,285	2,326	0	91,278	72,430	0
DeSoto	700	2,492	649	87,337	69,743	0
Studebaker	500	0	0	40,730	33,735	0
Rambler	470	188	619	58,323	32,552	0
Imperial	400	540	0	30,679	6,548	0
Lincoln	388	329	394	38,745	32,607	0
Nash	36	19	0	3,619	10,380	0
Hudson	24	3	0	1,271	4,334	0
Packard	0	0	0	6,118	12,973	0
Totals	117,350	123,120	58,250	4,392,217	4,039,751	0

\* Revised. \* Totals include 428 Continental cars in 1957 and 1,137 in 1956.

## Chrysler Sales Gain

By a WALL STREET JOURNAL Staff Reporter

DETROIT—Total retail sales of Chrysler Corp.'s Chrysler division thus far this year are up 15% from the like period of 1956, according to E. C. Quinn, division president.

Through August 20, Mr. Quinn, told a press conference, deliveries of Chrysler and Imperial cars totaled 97,017 against 84,409 in the year-before period.

The entire improvement, however, was more than accounted for by an increase of 260% in sales of Imperials, which this year became a separate make rather than the top series of the Chrysler line. Through August 20 Chrysler dealers delivered 23,864 Imperials, compared with 6,638 a year earlier.

Chrysler sales are actually down 6%.

Deliveries total 73,153 thus far in 1957, against 77,771 in the corresponding period of last year.

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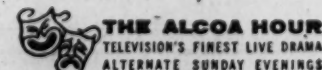
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